PROGRESS REPORT ON

SELECTED

INFORMATION TECHNOLOGY PROJECTS

IN THE COMMONWEALTH

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APA

Auditor of
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COMMONWEALTH OF VIRGINIA

- T A B L E   O F   C O N T E N T S -

OBJECTIVES AND SCOPE

We audit a number of systems development projects on an on-going basis, as described in Appendix B. The objectives of our audits are to determine that:

- the project manager complies with the Commonwealth's Project Management Standard, as issued by the Virginia Information Technologies Agency; and

- the project remains on time, within budget, and on scope.

Our reviews generally include examining documents including the project charter, project plan, communications plan, and risk mitigation strategies. We regularly attend project meetings to note any issues affecting the project and meet with the project managers to offer suggestions and recommendations based on our experience monitoring implementations throughout the Commonwealth.

Our goal is to detect problems at the earliest possible point and alert decision makers to this information, thereby reducing project failures. During our review process, we also gain an understanding of the system and its controls that will allow us to plan future audit work involving that system. A detailed explanation of our review process is included later in this report in Appendix A.

The purpose of this report is to provide a progress report of selected projects we are actively auditing along with any recommendations we have to improve the project management. Specifically, this report highlights the following systems development projects:

- Project New Horizons
    Virginia State University

- Banner Longwood's Implementation Strategy for Success (BLISS)
    Longwood University

- Ticketing Improvements System
    Jamestown-Yorktown Foundation

- Virginia Election and Registration Information System (VERIS)
    State Board of Elections

- Integrated Social Services Delivery System (ISSDS) Public Private Partnership
    Department of Social Services

- Virginia Emergency Operations Center (VEOC)
    Department of Emergency Management

- VirginiaCORIS - Sentencing Module
    Department of Corrections

We have issued three audit reports addressing system development projects since publishing our last progress report in September 2005 entitled, "Progress Report on Selected Systems Development Projects in the Commonwealth". The status of the system development projects at Virginia State University, Longwood University, and Jamestown-Yorktown Foundation are included in the respective agency audit reports dated June 30, 2005. For these reports, we held an exit conference with agency management to discuss the report and received their response. For purposes of this progress report, we have included a summary from the respective agency audit reports. The reader can find the complete reports mentioned in this document at the Auditor of Public Accounts website (www.apa.virginia.gov) along with the agency responses, by searching on the specific agency name.

For the remaining projects outlined above, this report describes the project activities and their status. We verified the accuracy of this information with all of the agencies; however, since there was no formal audit published we did not conduct an exit conference or receive an agency response.

A background and history of all the projects we are currently following is in Appendix B. Therefore, we do not repeat the background and history below for each of the highlighted projects. Instead, we focus only on our findings, recommendations, and project response strategies relative to these projects.

HIGHLIGHTS OF SELECTED SYSTEMS DEVELOPMENT PROJECTS

The highlights below are from APA audit reports issued since our September 2005 progress report and additional detail relating to the highlights exist within the agency audit reports dated June 30, 2005. The reader should use this date or the agency name as a reference when searching for the complete reports on our website at www.apa.virginia.gov.

Project New Horizons
Virginia State University

Virginia State University plans to implement the Banner Finance module on July 1, 2006. Finance is the first module of the Banner administrative system, Project New Horizons. While the University is confident that the system will go-live as scheduled on July 1st, we remain cautious. Project New Horizons is at a critical stage and there is still a significant amount of work that staff need to accomplish in a short period of time for the project to be successful. With no remaining slack in the project schedule to absorb delays, every delay could result in decreased system testing or error resolution.

Currently there are risks to the project that the University must continue to closely monitor and manage to achieve success. These risks include: addressing staffing issues, not completing tasks on schedule, and correcting problems identified during system testing. The CIO is aware of and is closely monitoring them, but we have concerns that the University has not documented the risks in a risk response plan. Without an updated plan addressing the current risks, we do not know that the project team and University management understand what would happen if the risks occur or increase, or the current response strategy fails.

Banner Longwood's Implementation Strategy for Success (BLISS)
Longwood University

On July 5, 2006, the BLISS project has scheduled its first major milestone, the go-live implementation of the Finance module. We have identified the implementation concerns addressed below while monitoring the finance module development. The BLISS project team has addressed these concerns, but should continue to be aware of these and other challenges throughout the remainder of the project's life cycle.

The University is currently addressing the staffing concerns discussed in our September 2005 report. There has been a full-time interim Controller since December 2005; however, financial reporting duties remain divided over several units. In April 2006, Longwood hired a financial reporting analyst who assumed

several financial reporting duties. As of June 1, 2006, the interim Controller assumed the position of the Longwood Controller, and efforts to hire a Financial Reporting Manager have begun. As we have indicated in the past, staffing problems increase the risk of delayed project implementation and management should continue its staffing efforts.

The BLISS project manager has continued to report the project status to VITA in a timely manner; however, implementation of a fully documented monitoring process did not occur until April 2006. Best practices recommend developing a project schedule early in the project, updating it on a regular basis, and managing the project to the schedule. A well-developed, current project schedule is necessary for the Project Manager to effectively monitor resources, plan resources needs, or evaluate the impact of delays on the project end date. We expressed our concerns to the Project Manager, who began updating task logs weekly in late April 2006.

Based on vendor recommendations and management analysis, in early 2006, the scope of the July implementation changed to include implementation of the Banner Finance Self Service module at the same time as the Finance module. The University had originally chosen to wait and implement the Self Service module in the fall of 2007. In order to incorporate the workload of this additional module, the University reevaluated the Finance module and split it into two phases, implementing only the critical aspects in the initial July 5 go-live and postponing non-critical finance aspects until a later date. The University should evaluate the postponed finance tasks and assess how these tasks will impact the remainder of the project.

Other Commonwealth universities implementing the Banner system have encountered challenges such as ensuring the system can perform accurate reconciliations, has the capabilities to prepare timely financial reports, and can interface with other modules and systems. The University needs to consider and plan for these possible obstacles in their remaining implementation.

For a successful implementation, the University should test the system interfaces continuously as they implement additional functionalities and management should provide quality training to all end users. The University should continuously monitor and address these risks in the BLISS risk management plan.

Ticketing Improvements System
Jamestown-Yorktown Foundation

The Jamestown-Yorktown Foundation's Ticketing Improvements System will improve ticketing capabilities and provide enhanced services for the upcoming Jamestown 400th Anniversary commemoration. The Foundation must replace the existing ticketing system for several key reasons, including the systems inability to handle the expected increase in volume due to the 2007 commemoration. In addition, the existing system is causing a loss in revenue because it cannot offer ticket packages with neighboring Colonial Williamsburg and Busch Gardens. Lastly, the current system will lose vendor support after July 1, 2007.

The Foundation put out an initial Request for Proposal (RFP) in November 2005, and after receiving proposals that did not conform to the specified requirements they reissued the RFP. The re-issuance resulted in a one-month delay and minor reduction in scope, removing non-essential functionality. The second RFP yielded a vendor and the Foundation is currently in negotiations with Resort Technology Partners (RTP) for product and implementation services.

The Ticketing Improvements System has two central requirements. It must provide expanded ticketing capabilities and provide scheduling and resource management functionalities. In the negotiations,

the Foundation discovered that the RTP product will satisfy the ticketing requirement, however, the scheduling and resource management component will require additional functional capabilities, requiring several added months of work. RTP has proposed a completion date of September 2006 for the additional functionality. The Foundation recently completed detailed project plans and is moving forward with a phased installation approach, beginning with the ticketing phase implementation in July 2006, and following with the scheduling and resource management phase in September 2006. We are cautious of the project timeline due to the RFP delays causing a compressed period to complete the project.

Highlights below provide a current status of each of these other key projects.

Virginia Election and Registration Information System (VERIS)
State Board of Elections

As noted in our previous progress report, VERIS's most significant risk to the Commonwealth is the potential loss of some or all of the project funding as a result of project schedule slippage. After postponing the VERIS implementation from September to December 2005, Elections has again elected to postpone the implementation. This decision resulted from additional missed deliverables, poor application performance during user acceptance testing, and problems with data accuracy.

During Winter 2005, Elections and Unisys renegotiated their contract and began developing a more realistic project schedule. The ensuing contract and schedule changes will result in the system implementation beginning in December 2006 at the earliest, one year later than originally contracted and one year after the HAVA imposed deadline.

Elections has been in contact with the United States Department of Justice since September 2005 regarding the VERIS implementation status, providing support for their efforts to comply with the HAVA requirements by the January 1, 2006 deadline, and justification as to why this date was not met. Based on United States Department of Justice responses, they appear to be willing to work with Elections to resolve the compliance issue without impacting project funding. However, until Elections reaches full compliance, funding will continue to remain at risk.

Through out this period we have continued to monitor project activities and have noted the following additional issues, which have already affected or continue to affect the project's success.

- Significant turnover within the Elections' project team. While they have retained their original project manager, Elections has recently lost their project sponsor and struggled to find and retain the appropriate resources to serve in other supporting roles such as deputy project manager, quality assurance manager, and technical and functional leads. Elections has filled several of these positions multiple times during the one-year life of the project. Each position turnover has impacted the project as it takes time to fully integrate the new staff into the project and to understand their roles.

- Poor communication and coordination of efforts among all parties. The VERIS project relies on expertise provided by numerous organizations: Elections, for election and registration management knowledge; Unisys and its subcontractors, for systems development and implementation; VITA, for contract administration, project management oversight, and systems development activities; seven other

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state and federal agencies, for system interface development; as well as the Secretarial Oversight Committee, for project guidance.

Because so many organizations are providing areas of expertise at various levels, the project team has had difficulty at times discerning who has what responsibility, where should they direct their communications, and who ultimately has the final authority for project decisions. This confusion has resulted in unnecessary delays as team members attempt to assess their next actions to address a particular issue and whether they have the authority to undertake those actions.

To address these and other related issues, another state agency has loaned Elections a new Project Director with significant project management experience in the Commonwealth to help resolve the staffing and communication issues as well as refine the project schedule. The Project Director is working with all parties involved to establish clear and consistent lines of communication and resolve the outstanding project team vacancies. The timing of the resolution of each of these issues will ultimately influence the success of the project. We continue to monitor project activities against the project schedule.

Integrated Social Services Delivery System (ISSDS) Public-Private Partnership
Department of Social Services

The Virginia Department of Social Services suspended the ISSDS Public-Private Partnership project in January 2006. Social Services reached this decision based on lack of funding as well as issues identified in both JLARC and APA reports. These reports identified development issues relating to Social Services ability to adequately plan and manage large a scale system effort. In addition, the earlier reports recommend that Social Services complete their business process re-engineering efforts prior to vendor selection to provide the vendor sufficient information to adequately develop project plans. However, the ISSDS project remains Social Services top priority and they continue to work towards defining their future system needs.

Virginia Emergency Operations Center (VEOC)
Department of Emergency Management

In January 2006, the Department of Emergency Management successfully opened and began operating the new Virginia Emergency Operations Center (VEOC). The purpose of the VEOC is to coordinate agencies throughout the state during an emergency. The old emergency operations center was outdated and not sufficient in size, therefore making the success of this project critical.

In our previous interim report we noted that a drainage problem existed that could potentially affect the opening of the new Center. VEOC investigated and modified the drain system to increase the drainage capacity. The project team is currently working on the final phase of the project, which includes training on their new web based emergency management system (WebEOC), creating manuals for the facility, and completing the VITA required closeout reports. The project has a scheduled completion at the end of June 2006.

VirginiaCORIS - Sentencing Module
Department of Corrections

The Department of Corrections successfully implemented the Offender Sentence Calculation System in March 2006. This is the first application of the automated Offender Management Information System, VirginiaCORIS. VirginiaCORIS will integrate the majority of Corrections offender related applications. The newly implemented application, Offender Sentence Calculation, replaced one of Corrections oldest legacy application, Time Information Processing System (TIPS), which is critical to Corrections mission.

As noted in our previous progress report, Corrections extended project implementation by 90 days as a result of calculation complexities specific to Virginia. Corrections continues to extend the implementation by four months because of these same complexities, but the project team has since resolved the issues and successfully implemented the system. The project team is now beginning to plan for the final two phases of VirginiaCORIS, Community Corrections and Institutional Operations. These final two phases are estimated to cost $14.5 million and will be completed in 2008.

Introduction

Section 2.2-803(b) of the Code of Virginia requires the Auditor of Public Accounts to review financial systems implemented by state entities. To facilitate this review we use staff specialists trained predominately in systems development best practices and audit techniques. The results of these reviews are often included within the responsible agency's annual financial audit report. Additionally, there are occasions where we issue special reports responding to legislative requests to review and report on a specific systems development effort.

During the 2003 General Assembly session, the Commonwealth created the Virginia Information Technologies Agency (VITA), established a new Commonwealth Chief Information Officer (CIO) position, and created an Information Technology Investment Board, effective July 1, 2003. The IT Investment Board is responsible for initially approving systems development projects and determining whether they should continue based on information obtained from the CIO. This progress report serves to provide information to the CIO, IT Investment Board, Legislature, and Governor to aid in making well-informed decisions regarding the continued support of projects.

Because we are involved with many projects from their start, we have the opportunity to review planned controls and audit trails designed in the system to ensure they sufficiently protect data and log activities. Further, by understanding planned controls early, we can aid in the future development of effective and efficient audit procedures.

Through the years, there has been an increasing amount of money spent on system development projects. Some of these projects have run over budget (either time or money), while others resulted in failure. A major goal of our involvement in projects is to determine if and when a project is not progressing as planned and alert any chief parties of this information, thereby mitigating the potential for failure at the earliest point possible. We view our involvement as one of early detection and prevention and work with the project manager and agency management to foster a positive working relationship.

Methodology to Identify Projects for Review

During the year, we monitor many resources to identify potential systems development projects. These sources include, but are not limited to:

- The Information Technology Investment Board and related subcommittees
- Legislative meetings
- Appropriations Act and Budget Bill
- Discussions and meetings with agency management and systems professionals
- Joint Commission on Technology and Science - JCOTS meetings
- Council on Technology Services - COTS meetings
- VITA Project Management Division
- Dashboard - VITA's electronic record of development projects
- Discussions and meetings with financial audit staff and project leaders within the APA

Once we identify a potential systems development project, we maintain a record of that system. However, the volume of projects on-going at one time dictates that we identify and follow only those that represent the most risk to the Commonwealth. To achieve this we accumulate information about the system

based on meetings with agency personnel and use this information to calculate a risk score using the following risk factors:

- Project budget
- External dependencies such as others relying on the information
- Management support
- Importance of the system to the agency's mission
- Agency's experience and history at implementing systems
- Complexity of project and technology
- Project phase, higher risk of failure in early stages of development

We rank all project risk scores from highest to lowest and the Systems Development team members convene to discuss the highest risk projects and assign available staff to audit them. We re-evaluate the risk scores at least three times a year so that new projects or ones whose risk has increased can undergo more thorough auditing.

Systems Development Audit Approach

We audit the project throughout its development life cycle phases and determine if it is meeting the six tangible success elements contained in every project phase. Projects that contain these six tangible success elements have a higher likelihood of on time completion, meeting the budget, and achieving the desired objective. The six tangible success elements are:

1. Project Scope and Time Management
2. Commitment
3. Risk Management Mechanisms
4. Financial Management Mechanisms
5. Procurement and Contract Management
6. Communication

These project success elements are considered standards for the project management profession and are described in detail in, *A Guide to the Project Management Body of Knowledge (PMBOK Guide)*, created by the Project Management Institute (PMI). These standards are the industry normal in project management.

> Project Scope and Time Management - Project managers define the business need, prepare a detailed project plan, and define a method to control changes to the project plan as part of their project scope and time management. Project scope management defines and controls what is and what is not part of the project. Project managers measure their success at achieving scope management by comparing actual activity and deliverables against the requirements and plan.
>
> Project time management involves defining detailed project activities, deliverables, schedules, and schedule controls to improve the likelihood of completing the project on schedule. Project managers typically receive on-going requests to expand or contract project scope or to modify schedule estimates while the project is underway. It is critical that project managers define the procedures to follow for changing the project plan baseline, including required approvals, to ensure the project's successful scope and time management.

<u>Commitment</u> - Project managers seek to obtain strong executive, legislative and agency commitment to a project, and assign sufficient and competent staff as part of their project resource management. Project resource management makes the most effective use of people involved with the project and involves identifying and assigning project roles, including end user involvement; obtaining the appropriate human resources to work on a project; and developing staff competencies with the new application.

<u>Risk Management Mechanisms</u> - Project risk management involves the processes of identifying, analyzing, and responding to project risk. Project risk is an uncertain event or condition that can have a positive or negative effect on a project objective. Project managers use risk management to identify potential risks and minimize the probability and consequences of adverse events through the development of risk response strategies and use of risk monitoring techniques.

<u>Financial Management Mechanisms</u> - Project managers compile complete cost estimates and budgets, attempt to secure a dedicated funding source, and control changes to the budget as part of their financial management. Project managers use the detailed project plan, historical information and alternatives to create the project budget. Once established, project managers use cost management to provide a change control system that defines the procedures for allowing changes to the cost baseline (budget).

<u>Procurement and Contract Management</u> - Project managers incorporate sound vendor and product selection processes and seek to develop a legally enforceable contract as part of their procurement management. Project procurement management involves all of the processes required to acquire goods and services from sources outside the agency. Elements include: determining when to procure products and services outside of the agency; selecting the best vendor to provide the goods and services; and establishing a well defined contract that describes the products or services that will satisfy the identified need. Contract management is the process of ensuring that the vendor's performance meets the contractual requirements.

<u>Communication</u> - Project managers develop strong team communication, information distribution and performance reporting mechanisms as part of their communications management program. Project communications management provides the critical links among the project team. It also ensures the generation, collection, dissemination, storage, and disposition of project information to individuals inside and outside the project team including the Governor, legislature, public, and future users who are not part of the project team.

Reporting Audit Results

We report the results of our reviews in different ways, depending on the circumstances. Often we include project background and status information within the annual audit report of the agency. If there is a legislative request that we review a system, we will prepare a written report specifically addressing the legislative request. Finally, if we identify project management concerns that are serious and not being resolved timely, we immediately prepare a report that the details our concerns and the corrective action.

The systems development projects listed below are those projects we are actively auditing. While this list is not inclusive of all current projects across the Commonwealth, it does represent those that we consider of the highest importance due to risk, budget, phase, and/or impact of the system.

We have not repeated all projects reported in our September 2005 progress report on the following pages. Since our last report, agencies have completed the implementation of the VirginiaCORIS -Sentencing Module at the Department of Corrections and the Integrated Revenue Management System at Department of Taxation. In addition, the Virginia Emergency Operations Center at the Department of Emergency Management is nearing completion and Department of Criminal Justice Service has divided the Virginia Integrated Justice Program among other agencies as multiple smaller projects. There have also been two Department of Social Service projects that they have indefinitely suspended, Child Care System and Integrated Social Services Delivery System. The reader can find historical information on these projects in our September 2005 progress report.

<u>VirginiaCORIS - Phases II and III</u>

The Department of Corrections is beginning implementation of an automated Offender Management Information System, VirginiaCORIS. CORIS is the software solution purchased from xwave New England. Corrections developed the current offender applications over the last 30 years to satisfy individual functional area needs. These stovepipe applications no longer provide the functionality required by the Corrections end user.

VirginiaCORIS is comprised of three major projects: Offender Sentence Calculation, successfully implemented in March 2006 (described earlier in this report), Community Corrections (phase 2), and Institutional Operations (phase 3). The final product will result in a single, fully integrated system that will replace Corrections legacy offender-related applications. This system is critical to Corrections mission.

Sponsoring Agency Information	Secretary of Public Safety
	Department of Corrections:
	   Project Sponsor: Gene Johnson, Director
	   Project Manager: Jody Rogish

Current Phase of Development	Initiation
Project Timeline	Begin Preliminary Planning August 2005 Begin Planning November 2005 Request Development Approval June 2006 Begin detailed planning June 2006
Total Budget	$14,500,000
Funding	$1 million federal matching grant (75% federal, 25% operating budget) Requesting General Fund appropriations from General Assembly for remaining
Actual Costs (As of 2/28/06)	$0
Outside Contractor(s)	Project Management Contractor: CGI-AMS Sub Contractor: NuKore Additional contractors to be determined, including who will perform the Independent Verification & Validation review.
Additional Information	This project is the next phase after the successful implementation of the VirginiaCORIS, Sentencing Module. Corrections is waiting for the Information Technology Investment Board's development approval pending funding decision from the General Assembly. The xwave solution is currently in production in Maine's Department of Corrections
Prior APA Report and Issue Date	No reports issued to date.

Integrated Systems Redesign

The Department of Motor Vehicles is exploring redesign opportunities to integrate their core business systems. The redesign will focus on Motor Vehicles' three major business areas: driver, vehicle, and motor carrier.

Motor Vehicles, through a contract with CGI-AMS, completed an analysis of their current business processes in December 2005. In addition to reviewing existing business processes, CGI-AMS identified opportunities for improvement and suggested supporting technology. The contract also included a comprehensive business impact analysis and risk assessment.

The Motor Vehicles project management team and oversight committee are currently reviewing the resulting CGI-AMS recommendations. Motor Vehicles is using the CGI-AMS recommendations to develop a project charter for the Integrated Systems Redesign project which will define the project organization, scope, and objectives in more detail. When this process is complete, they will seek ITIB development approval to move forward with the project.

Sponsoring Agency Information	Secretary of Transportation
	Department of Motor Vehicles
	   Project Sponsor: Karen Chappell, Deputy Commissioner
	   Project Director: Dave Burhop, Chief Information Officer
	   Project Manager: Theresa Anderson

Current Phase of Development	Initiation
Project Timeline	Business Process Analysis Completion December 2005 Detailed Project Timeline TBD
Total Budget	$1,670,700 for the Business Process Analysis and Impact Analysis only $30,000,000 current estimate for implementation of the system
Funding	100% non general funds
Actual Costs (As of 2/28/06)	$1,395,540
Outside Contractor(s)	CGI-AMS - Comprehensive Business Process Analysis and Business Impact Analysis / Risk Assessment Analysis Additional contracts may be signed as the project progresses.
Additional Information	None noted.
Prior APA Report and Issue Date	No reports issued to date.

<u>Integrated Case Management (ICM)</u>

This project is an effort to integrate 21 legacy data management systems and data exchange processes into a single case management application to support services to people with disabilities across multiple agencies. The following three agencies are sponsoring and funding this effort:

- Department of Rehabilitative Services (65 percent)
- Department for the Blind and Vision Impaired (15 percent)
- Woodrow Wilson Rehabilitation Center (20 percent).

The Department of Rehabilitative Services is serving as the primary agency sponsor and point of contact for reporting to the Information Technology Investment Board. A contract has been negotiated with Alliance to implement their product, AWARE.

The project team recently completed the Discovery Stage, where they executed a fit-gap analysis of AWARE and determined the ultimate needs of the users, therefore identifying necessary customizations. They completed this process three months later than anticipated. As a result, the project schedule has slipped by approximately 5 months with final project close originally scheduled for November 2007 now moving to May 2008. The schedule change will cause a $75,000 increase to the total budget to cover project management costs.

Sponsoring Agency Information	Secretary of Health and Human Resources
	Department of Rehabilitative Services:
	    Project Sponsors: Joseph Bowman, Commissioner, Department for the Blind and
	                                        Vision Impaired
	                          James Rothrock, Commissioner, Department of Rehabilitative Services
	    Program Manager: Dennis Unger, Director of Information Technology
	    Project Manager: Susan Kropp

Current Phase of Development	Execution and Control
Project Timeline	Contract Awarded March 2005 Discovery Completed March 2006 Revised Design Completion January 2007 Revised Development Completion June 2007 Revised Testing Completion November 2007 Revised Go-Live April 2008 Revised Project Closeout May 2008
Total Budget	$4,856,891
Funding	100% federal
Actual Costs (As of 2/28/06)	$627,206
Outside Contractor(s)	Primary Contractor: Alliance Enterprises, Inc IV&V Contractor: CGI-AMS (North Highland) for Sept/Oct 2005 and April 2006 reviews.
Additional Information	DRS will be contracting separately for each scheduled IV&V, with one scheduled in the fall and the spring through the end of the project.
Prior APA Report and Issue Date	No reports issued to date.

<u>Financial Management System II Upgrade (FMS II)</u>

The Virginia Department of Transportation plans to upgrade its current financial management system because the vendor no longer supports the current financial management application and environment. The base application for FMS II upgrade project is the PeopleSoft Financials version 6.1, consisting of general ledger, accounts payable, accounts receivable, purchasing, and customized modules for project accounting and time entry. Transportation highly customized their original installation of PeopleSoft resulting in a system that is very difficult and time consuming to maintain, along with being outdated.

Transportation completed the requirements gathering in March 2006, which involved a comparison and analysis of Transportation's customized PeopleSoft system to the current standard PeopleSoft software. This comparison identified previously customized areas that are now part of the standard software and areas where Transportation can modify their business practices in lieu of customizing the standard software. This phase served as the project planning phase, which Transportation completed on time and on budget including a VITA approved change request.

Transportation estimates that implementation, will cost $33,080,869 and require at minimum 36 months to complete. This estimation includes aggressive resource and budget assumptions. Considering these estimations and the current Enterprise Application PPEA project that is underway, Transportation does not plan to seek development approval for their own project, but instead hopes to participate in the statewide PPEA project. Transportation plans to present these findings to the ITIB shortly.

Sponsoring Agency Information	Secretary of Transportation
	Virginia Department of Transportation
	   Project Sponsor: Barbra Reese, Chief Financial Officer
	   Project Director: Ned O'Neill
	   Technical Team Lead: Steve Kelliher
	   Functional Team Lead: Tim Sartini

Current Phase of Development	Initiation
Project Timeline	Planning March 2006 Remaining Project Schedule approx 36 months
Total Budget	$2,568,004, planning phase $33,080,869 estimate for FMS II replacement outside the Enterprise Application Project Scope
Funding	100% transportation information technology division operating funds
Actual Costs (As of 2/28/06)	$2,470,004
Outside Contractor(s)	Requirements Definition Contractors: Northrop Grumman, Unisys and BearingPoint IV&V Contractor: CACI
Additional Information	The FMS Steering Committee requested and received approval in November 2005 to increase the project scope to include gathering fixed assets requirements costing approximately $300,000.
Prior APA Report and Issue Date	No reports issued to date.

Roadway Network System (RNS)

The RNS project creates a replacement system for the aging Highway Traffic Records Information System (HTRIS). The new system incorporates a relational database, links geo-spatial data and business attributes to the roadways, and provides web accessibility to users to retrieve roadway data.

The scope of work includes: 1) the migration of all the data from the old system to the new; 2) ensuring the roadway geo-spatial data is aligned with the roadways; 3) connecting the business data to the geo-spatial roadway data; 4) building a web-based system for retrieving the roadway and business data; and, 5) improving business processes that have been limited due to the older technology.

Delayed project deliverables relating to a Virginia Geographic Information Network (VGIN) project have had a direct impact on the RNS project progress. The Department of Transportation is assessing the complete impact of the VGIN project delays and continues to look for alternatives that will allow development to continue. This delay will affect the implementation date of individual RNS modules as well as the overall project completion date.

Sponsoring Agency Information	Secretary of Transportation
	Department of Transportation
	    Project Sponsor: Constance Sorrell, Chief of Systems Operations
	    Program Manager: Dan Widner, IT Applications Manager
	    Project Manager: Scott McCombe

Current Phase of Development	Execution and Control
Project Timeline	Scheduled Execution and Control Completion September 2008 Scheduled Project Closeout October 2008
Total Budget	$6,470,486
Funding	100% transportation information technology division operating funds
Actual Costs (As of 2/28/06)	$1,905,143
Outside Contractor(s)	IV&V Contractor: Bearing Point
Additional Information	The budget listed above does not include the results from the delay assessment currently in process.
Prior APA Report and Issue Date	Commonwealth Transportation Fund - Agencies of the Secretary of Transportation, October 2004. *Reports are available by searching under the agency name at www.apa.virginia.gov*

Ticketing Improvements System

The Jamestown-Yorktown Foundation's Ticketing Improvements System will improve ticketing capabilities and provide enhanced services for the upcoming Jamestown 400th Anniversary commemoration. The Foundation must replace the existing ticketing system for several key reasons, including the systems inability to handle the expected increase in volume due to the 2007 commemoration. In addition, the existing system is causing a loss in revenue because it cannot offer ticket packages with neighboring Colonial Williamsburg and Busch Gardens. Lastly, the current system will lose vendor support after July 1, 2007.

The system has two central requirements. It must provide expanded ticketing capabilities and provide scheduling and resource management functionalities. Detailed project schedules have recently been completed and the Foundation is moving forward with a two phased implementation approach.

Sponsoring Agency Info.	Secretary of Education
	Jamestown-Yorktown Foundation:
	   Project Sponsor: Jeffrey Lunsford, Deputy Executive Director of Administration
	   Program Manager: Jay Snyder, Director of Information Technology
	   Project Manager: Mike Armour

Current Phase of Development	Execution and Control
Project Timeline	Project Charter approved by ITIB July 2005 Ticketing functionality July 2006 Scheduling and Resource Management functionality September 2006 Scheduled Project Closeout October 2006
Total Budget	$443,000
Funding	$450,000 (including a $50,000 contingency)
Actual Costs (As of 2/28/06)	None
Outside Contractor(s)	Primary Contractor: Resort Technology Partners (RTP) Project Management: North Highland Group
Additional Information	The project team will consist of both vendor (RTP) and Foundation resources. The project will use a commercial off-the-shelf product that will require minor modifications to satisfy the resource management requirement. The Foundation anticipates over 1 million visitors for the 2007 celebration.
Prior APA Report and Issue Date	Virginia's Museums Report on Audit For the Year Ended June 30, 2005 *Reports are available by searching under the agency name at www.apa.virginia.gov*

Banner, Longwood's Implementation Strategy for Success (BLISS)

Longwood University has sought solutions to replace both the software and hardware infrastructures because their current administrative systems are out dated. Longwood chose SCT's Banner solution for their BLISS project. The mission of BLISS is to provide Longwood with an administrative system that provides accurate, accessible, reliable data in a secure, state-of-the-art environment.

During implementation, Longwood will review and revise their current business procedures to create best practice business solutions for the institution. Longwood will implement the SCT Banner Finance, Human Resources, Student, and Financial Aid modules including the self service (web) components. In conjunction with the BLISS project, there are several ancillary products and services the University will implement to enhance BLISS's functionality. These ancillary services, which are outside the scope of the main project, are scheduled for completion by January 2008.

Sponsoring Agency Information	Secretary of Education
	Longwood University:
	   Project Sponsor: Frank Moore, Vice President of Information and Instructional Technology Services, and Chief Information Officer
	   Project Manager: Joanne Worsham

Current Phase of Development	Execution & Control
Project Timeline	Master Agreement signed February 2003 VITA approves Project Charter December 2004 Planning phase began January 2005 Project execution phase begins September 2005 Scheduled project closeout October 2007
Total Budget	$7,359,421 ($200,000 set aside for contingency)
Funding	100% internally funded by Longwood's operating revenues.
Actual Costs (As of 2/28/06)	$2,995,798
Outside Contractor(s)	Primary Contractor: Sungard SCT IV&V Contractor: Dana Abbott, Mary Washington University
Additional Information	Significant work must be completed to reach the July 5th, 2006 scheduled go-live date for the Finance and Finance Self Service modules.
Prior APA Report and Issue Date	Longwood University Report on Audit For the Years Ended June 30, 2005 and 2004. *Reports are available by searching under the agency name at www.apa.virginia.gov.*

Enterprise Applications Public Private Partnership

In December 2005, the Commonwealth entered into an interim seven-year performance-based agreement with CGI-AMS to redesign and implement new administrative, financial, human resource, and supply chain processes and systems by doing the following:

- identifying redundant administrative processes across state government;
- recommending re-engineered processes to increase efficiency and productivity and to reduce cost; and
- proposing an enterprise computer system or systems to help address these issues.

The areas needing replacement are currently comprised of various statewide computer systems, which are over 25-years-old (CARS, CIPPS, BES, PMIS) and a host of stand-alone agency accounting systems, which include business applications such as payroll, finance, human resources, and others.

The Governor and CGI-AMS currently estimate the redesign and implementation agreement will cost a total of $300 million over the seven-year period. CGI-AMS has proposed revenue enhancement initiatives to fund the majority of these costs. However, to start the project the Governor has budgeted approximately $30 million from Central Appropriations to cover the first of three phases expected to begin July 1, 2006 and continue over the next two years

Both the House of Delegates and Senate proposed amendments to this during the 2006 General Assembly session that may ultimately limit the scope of the proposed work for the first phase. If the General Assembly does not approve funding, the Commonwealth may need to terminate the contract with CGI-AMS. The status of funding, project scope issues, as well as the final comprehensive agreement will not be resolved until the General Assembly approves the 2006-2008 biennial budget. As such, much of the information in the table below remains undefined.

Sponsoring Agency Information	Office of the Governor 　　Project Sponsor: Viola Baskerville, Secretary of Administration 　　　　　　　　　　Judy Wagner, Secretary of Finance 　　Project Manager: Tim Bass
Current Phase of Development	Initiation
Project Timeline	Phase 1 Completed　　　　　　　　　　　　　　　　　　　　　　　　June 2008
Total Budget	$300 million (estimate)
Funding	Partial General Fund support. Remaining funding resulting from revenue enhancement initiatives implemented by CGI-AMS.
Actual Costs (As of 2/28/06)	$0
Outside Contractor(s)	Primary contractor: CGI-AMS IV&V contractor: TBD
Additional Information	None noted
Prior APA Report and Issue Date	No reports issued to date.

<u>Virginia Election and Registration Information System (VERIS)</u>

Congress passed the Help Americans Vote Act of 2002 (HAVA), which placed new requirements on states, including specific requirements for a "computerized statewide voter registration list defined, maintained, and administered at the state level" by January 1, 2006. The VERIS project reflects the State Board of Elections' effort to meet the HAVA requirements and deadline, as well as realize other operational efficiencies. Elections has budgeted $12 million for the entire project, funded by HAVA. The functional scope of the system includes all regulatory, operational, control, management information and decision support needs related to the registration of voters and conduct of elections.

In Fall 2005, Elections recognized that it would not implement the project by the HAVA imposed deadline. Elections notified the U.S. Department of Justice of their challenges with the vendor product delivery and anticipated resolution. During winter 2005, Elections worked with Unisys to renegotiate the contract and begin to develop a realistic project schedule. The ensuing contract and schedule changes currently result in a December 2006 system implementation at the earliest, one year later than the originally contracted and one year after the HAVA imposed deadline.

Communications with the Department of Justice regarding the project status reflect Elections efforts to meet the original due date and suggest the Department of Justice's willingness to work with Elections to resolve the resulting compliance issue without impacting project funding. However, without full compliance, funding will continue to remain at risk.

Sponsoring Agency Information	Secretary of Administration
	State Board of Elections:
	   Project Sponsor: Susan McCleary, Assistant Secretary
	   Project Manager: Majid Kahn

Current Phase of Development	Execution and Control
Project Timeline	Contract signed by VITA December 2004 Originally scheduled Go-Live September 2005 Revised scheduled Go-Live December 2005 Renegotiated scheduled Go-Live December 2006 Renegotiated scheduled project closeout April 2007
Total Budget	$12,000,000 (including $1,000,000 for contingency)
Funding	100% federally funded
Actual Costs (As of 2/28/06)	$2,481,117

Outside Contractor(s)	Primary Contractor: Unisys
	   Sub Contractor: Quest (providing software)
	   Sub Contractor: Aradyme (handling data conversion)
	IV&V Contractor: CACI

Additional Information	Jan Fatouros, Department of General Services' Information Security Director has been brought on as Project Director to facilitate the implementation of the new project schedule and the communication structure within the Commonwealth's project team and with Unisys. Her involvement is anticipated through the completion of the project. Ms. Fatouros has identified additional resources from other agencies, as Elections does not have resources available internally, and is working to include them as necessary to improve project execution .
Prior APA Report and Issue Date	Interim Review of the State Board of Election's Virginia Election and Registration Information System Project - June 2005; State Board of Elections Report on Audit for the two-year period ended June 30, 2004 *Reports are available by searching under the agency name at www.apa.virginia.gov.*

<u>Student System Project</u>

The University of Virginia has chosen to implement the PeopleSoft Student System. The University seeks to improve student-related business processes by the elimination of paper-based transactions, re-entry and re-keying of student data, and the consolidation and synchronization of student information databases.

In January 2003, the University implemented an Oracle-based system, which they call the Integrated System, replacing their legacy financial, human resources, and payroll systems. The University did not implement the Oracle student system module in 2003 because the available version did not contain all the functionality needed for higher education institutions. The University will consider the Integrated System complete after the implementation of the integrated student system module.

Sponsoring Agency Information	Secretary of Education
	University of Virginia:
	   Project Sponsor: Gene Block, Vice President and Provost
	   Project Manager: Charles Grisham

Current Phase of Development	Initiation
Project Timeline	PeopleSoft chosen as Vendor March 2006 RFP released for Consultant Services April 2006 Estimated Project Closeout June 2009 *Remaining schedule to be determined once planning begins in August 2006.*
Total Budget	Estimated at $35,000,000 (Actual budget will be released around September 2006.)
Funding	100% through local general funds
Actual Costs (As of 2/28/06)	$1,100,000
Outside Contractor(s)	Primary Contractor: PeopleSoft IV&V Contractor: TBD
Additional Information	None Noted
Prior APA Report and Issue Date	No reports issued to date.

<u>Integrated Healthcare Information Management System (IHIMS)</u>

The University of Virginia Health System (the Medical Center) is currently implementing the IHIMS solution with support from clinical system vendors that provide the needed application solutions. These vendors include Kodak Picture Archive Computer System (PACS) for image management in radiology, PICIS for critical care system device monitor data collection and flowsheets, Streamline Health for document management, and GE Inc. (GE/IDX Inc.) for the continuum of care Electronic Medical Record.

The IHIMS project solution connects the Medical Center with its affiliates and ambulatory clinics in an integrated and transferable electronic medical records processing system. GE's Centricity Enterprise, formerly known as IDX Carecast, software application integrates results and medical chart data together which enables it to be the "hub" for the various systems, allowing a consolidated portal for the Medical Center's healthcare providers. This electronic medical records repository already provides doctors with timely online access to patient data, enhancing patient safety initiatives and quality outcomes. This repository will continue to evolve eventually bringing the hospital, emergency room, and all 104 ambulatory care sites of the Medical Center's Health System together into one functional database.

Sponsoring Agency Information	University of Virginia Medical Center:
	    Project Sponsor: Barbara Baldwin, CIO
	    Project Manager: Cindy Perry

Current Phase of Development	Execution and Control
Project Timeline	Contract Signed and Board Of Visitors approved — May 1999 Interim Clinical Results Archive System implemented — August 2001 Resequencing of IDX Phases and Amended Agreement to expedite ambulatory care portion of system — July 2002 Radiology Algotech/Kodak PACS — November 2002 LanVision/Streamline Document Management — August 2003 Multi Year Data Conversion and Result Repository — November 2004 Pilot ambulatory clinic conversions — July 2005 PICIS (critical care) first unit implementation — June 2006 Inpatient modules completion — February 2008 Emergency Department modules completion — February 2008 Scheduled Project Closeout — June 2008
Total Budget	$53,800,000
Funding	100% internal funded through the Medical Center revenues.
Actual Costs (As of 2/28/06)	$32,098,351
Outside Contractor(s)	Primary Contractors: GE Centricity Enterprise (GE merged with IDX in Jan. 2006) IV&V: University of Virginia Internal Audit
Additional Information	The IDX Carecast product is currently supporting patient care at over 9,000 other healthcare sites. The Medical Center does not fall under VITA's provisions, but considers VITA's best practices where applicable. In Jan 2006, GE merged with IDX. Project improvements are still being negotiated with the Medical Center that will affect the IHIMS project schedule.
Prior APA Report and Issue Date	No reports issued to date.

Administrative Re-engineering through Integrating Electronic Services (ARIES)

Virginia Commonwealth University is currently implementing the SCT Banner system to replace their major administrative systems (finance, student financial aid and human resources) that are currently on older technology. The Banner suite of products will use new technologies and allow the University to re-engineer administrative processes.

ARIES project execution began in July 2004 and will continue through August 2007 with project closeout scheduled in October 2007. The initial project budget is $11.4 million, $8 million in direct costs and an additional $3.4 million for internal personnel efforts over the life of the project. The project will require resources from many of the University's organizational units to provide the needed expertise, staffing and decision-making. SCT will be an integral part of the team by providing both technical and functional resources for installation, training, process analysis and operations.

Sponsoring Agency Information	Secretary of Education
	Virginia Commonwealth University:
	   Project Sponsor: Eugene Trani, President
	   Program Manager: Paul Timmreck, Senior VP for Finance and Administration
	   Project Manager: James Thomas

Current Phase of Development	Execution and Control
Project Timeline	Project Charter approved by the ITIB May 2004 Financial and Human Resources modules Scheduled Go-Live July 2006 Student module Scheduled Incremental Go-Live April through August 2007 Scheduled project closeout October 2007
Total Budget	$11,400,000
Funding	$8 million in direct costs ($3 million non-general funds; $5 million general funds) $3.4 million in internal personnel efforts
Actual Costs (As of 2/28/06)	$5,772,128
Outside Contractor(s)	Primary Vendor: SCT IV&V Contractor: CACI
Additional Information	Nine Commonwealth public universities use SCT Banner. VCU will use a statewide Banner contract developed in coordination by (former) Dept. of Technology Planning to provide some cost benefits for things such as training and consulting. Functional area teams are lead by business managers and consist of several sub-teams focused on specific processes
Prior APA Report and Issue Date	No report issued to date.

Infrastructure Public Private Partnership

In November 2005, the Commonwealth entered into an interim agreement with Northrop-Grumman to manage and support the Virginia Information Technologies Agency (VITA) information technology infrastructure, including the staff, equipment and services for mainframes, servers, desktop and laptop computers, voice and data networks, operating systems, e-mail, security, and help desk services. Northrop-Grumman will also provide a new data center and backup facility, which includes a mainframe computer center and a consolidated computer server location. The new data center will replace the existing main data center, located in the Richmond Plaza Building in downtown Richmond, all data centers and servers taken over by VITA, and the rented backup data center, currently located outside of Virginia.

VITA is responsible for the majority of the Commonwealth's hardware and infrastructure; therefore, they are the business owner for this partnership. The interim phase will end July 1, 2006, when the final comprehensive agreement will become effective; however, the agreement is dependent on General Assembly approval.

During the interim period, VITA and Northrop-Grumman have been working to define the scope of responsibilities and performance expectations, and plan for the transition of infrastructure service delivery beginning July 1, 2006. Transition planning activities include the assessment of processes, technology and impact on people. As a part of the transition, the majority of current VITA staff either will become Northrop-Grumman employees or will remain VITA employees managed by Northrop-Grumman. VITA will retain responsibility for IT security governance for the Commonwealth to include oversight of the IT security functions performed by Northrop Grumman.

Sponsoring Agency Information	Secretary of Technology Virginia Information Technologies Agency Project Manager: Fred Duball
Current Phase of Development	Detailed Planning
Project Timeline	Execution of Interim Agreement November 14, 2005 Transfer of Commonwealth Assets to Northrop-Grumman July 1, 2006 Modernization of Commonwealth Assets Completed July 1, 2009 End of Contract Period June 30, 2016
Total Budget	$2 Billion
Funding	Agency operating funds recovered through service fees charged by VITA and remitted to Northrop-Grumman.
Actual Costs (As of 2/28/06)	$0
Outside Contractor(s)	Primary contractor: Northrop-Grumman IV&V contractor: TBD
Additional Information	None noted.
Prior APA Report and Issue Date	No reports issued to date.

Project New Horizons

Virginia State University is implementing the SCT Banner system to replace their current system, SCT Plus. Virginia State implemented SCT Plus a number of years ago and the vendor, SCT, is planning limited or no support of this system in the near future. Banner will incorporate newer technologies and provide integration with web-based applications for information delivery. Virginia State will use staff from both SunGard-SCT, Inc., the primary implementation service provider, and business units across the university.

The Commonwealth's Information Technology Investment Board approved Project New Horizons in January 2004. Initial work on the project began in April 2004 and continued for eight months. During this period, Virginia Information Technologies Agency employed a vendor, CACI, to perform an initial Independent Verification and Validation (IV&V) review, which found the project off-track and not positioned for success.

The IV&V report led the Commonwealth's Chief Information Officer (CIO), Lem Stewart, to suspend the project in January 2005. The suspension lasted 3 months in which time Virginia State worked to satisfy the required corrective actions and the CIO reactivated the project in April 2005. Virginia State is currently implementing Project New Horizons and plans to go-live in July 2006.

Sponsoring Agency Information	Secretary of Education
	Virginia State University:
	   Project Sponsor: Eddie Moore, Jr., President
	   Project Director: Judy Marchand, CIO
	   Project Manager: Richard Barnes

Current Phase of Development	Execution and Control
Project Timeline	Project Charter approved by ITIB January 2004 Project Suspended January 2005 Project Reactivated April 2005 Finance with Human Resources integration modules Go-Live July 2006 Student and Financial Aid modules Go-Live September 2007 Scheduled Project Closeout October 2007
Total Budget	$5,947,291
Funding	Finance/Human Resources modules - $2,124,400 Student/Financial Aid - $3,698,091 IV&V Reviews - $124,800
Actual Costs (As of 2/28/06)	$2,798,356
Outside Contractor(s)	Consulting Services: SunGard-SCT Software Vendor: SCT IV&V Contractor: Dana Abbott, Mary Washington project manager
Additional Information	The project is in a critical testing phase for the July 2006 Go-Live. Virginia State staff are optimistic, but APA remains cautious.
Prior APA Report and Issue Date	Interim Report of Virginia State University's Project New Horizons - August 2005 Financial, Internal Control and Compliance FY05, 'Status of Project New Horizons' *Reports are available by searching under the agency name at www.apa.virginia.gov*

Commonwealth of Virginia

Auditor of Public Accounts
P.O. Box 1295
Richmond, Virginia 23218

June 27, 2006

The Honorable Timothy M. Kaine
Governor of Virginia
State Capital
Richmond, Virginia

The Honorable Thomas K. Norment, Jr.
Chairman, Joint Legislative Audit
    and Review Commission
General Assembly Building
Richmond, Virginia

We are currently conducting audits of the systems development process for several major information technology projects and submit our report entitled, "Progress Report on Selected System Development Projects in the Commonwealth" for your review. We conduct each systems development audit in accordance with the standards for performance audits set forth in Government Auditing Standards, issued by the Comptroller General of the United States.

AUDIT CONCLUSION

We found that for the major information technology projects included in this progress report the project managers comply with the Commonwealth's Project Management Standard, as issued by the Virginia Information Technologies Agency. However, the following projects are at risk of not being delivered on time, within budget or on scope as described in their respective detailed audit reports:

- Project New Horizons
    Virginia State University

- Banner Longwood's Implementation Strategy for Success (BLISS)
    Longwood University

- Ticketing Improvements System
    Jamestown-Yorktown Foundation

In addition, we have concerns that the following projects schedule, scope or cost may be negatively impacted by circumstances that the agency is closely monitoring and managing:

- Virginia Election and Registration Information System (VERIS)
    State Board of Elections

- Integrated Social Services Delivery System (ISSDS) Public Private Partnership
    Department of Social Services

- Virginia Emergency Operations Center (VEOC)
    Department of Emergency Management

- VirginiaCORIS - Sentencing Module
    Department of Corrections

This progress report includes an explanation of our specific recommendations relative to each of these projects.

<u>EXIT CONFERENCE</u>

We have issued a previous audit report with recommendations to improve project management for Project New Horizons at Virginia State University, Banner Longwood's Implementation Strategy for Success at Longwood University, and the Ticketing Improvements System at Jamestown-Yorktown Foundation. For each of these reports we held an exit conference with agency management to discuss the report and received their response. For purposes of this progress report, we have included a summary of the report recommendations but did not conduct another exit conference since the recommendations have not changed. Likewise, we have not included the agency response in this progress report. The complete reports, along with agency responses, can be found on the Auditor of Public Accounts website at www.apa.virginia.gov by searching on the specific agency name.

For the State Board of Elections and the Departments of Social Services, Emergency Management, and Corrections, this progress report does not include recommendations, but instead describes project history, activities, and status. We verified the accuracy of this information with all of the agencies, however since there were no audit recommendations we did not conduct an exit conference or receive an agency response.

AUDITOR OF PUBLIC ACCOUNTS