

**INTERIM REVIEW  
OF THE  
STATE BOARD OF ELECTION'S  
VIRGINIA ELECTION AND REGISTRATION  
INFORMATION SYSTEM PROJECT**

**JUNE 2005**



## **AUDIT SUMMARY**

Our objectives for the review of the State Board of Elections' Virginia Election and Registration Information System (VERIS) project with Unisys Corporation were to determine that

- Elections has complied with COV ITRM Standard GOV2004-02.3.2, governing major information technology projects in the Commonwealth;
- the project is progressing on time, within budget and satisfying all defined project deliverables; and
- the Commonwealth's interests are adequately protected from loss, either financially or through a failed project.

Unisys has missed every major project milestone in the original project schedule since February 20, 2005, placing the VERIS project and its funding at risk. Under the Help America Vote Act of 2002 (HAVA), Elections received a significant grant from the federal government to improve election administration and access within the Commonwealth. Elections dedicated \$12 million of this grant, which covers the entire VERIS budget, to pay for new voter registration and election management software, hardware, and interfaces. However, under HAVA, Elections must implement the system by January 1, 2006. Failure to meet this deadline creates a potential for the loss of this part of the grant, forcing the Commonwealth to pay for the system to comply with HAVA.

Elections has managed their portions of the project appropriately, escalating their concerns to the Virginia Information Technology Agency's Project Management Office and Supply Chain Management, the Secretary of Administration Oversight Committee, and the Commonwealth's Chief Information Officer for guidance and action. In addition, they have made no payments to Unisys to date. However, on June 20, 2005, Unisys delivered a major project milestone and will therefore likely receive their first payment by the end of June.

Since the original missed milestone, Elections and VITA have worked with Unisys to develop a revised project schedule to ensure VERIS implementation in September 2005. However, the most recent version of this schedule allows no time for additional slippage and provides limited time for key project activities, such as user acceptance testing and Elections' review and acceptance of project deliverables.

While Unisys successfully delivered a major project milestone on June 20, 2005, unless they continue to promptly deliver the remaining contracted deliverables, the VERIS project could fail. Given Unisys' previous lack of performance and VERIS' ambitious project timeline, we have significant concern of whether they can meet this revised schedule or even the January 1, 2006 deadline. Regardless, given the HAVA requirements, Elections cannot abandon their efforts.

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## **PROJECT DESCRIPTION AND HISTORY**

### **Help America Vote Act of 2002 (HAVA)**

Congress passed 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.” HAVA specifically requires the following:

- a single, uniform, centralized, interactive computerized list that includes eight distinct features;
- provisions to ensure the voter registration records are accurately and regularly updated;
- adequate technological security measures to prevent the unauthorized access to the computerized list;
- compliance with the National Voter Registration Act of 1993 requirements for safeguards to prevent the erroneous removal of eligible voters; and
- verification of certain voter registration information through interfaces with other government agencies.

### **Virginia’s Existing System**

Virginia currently uses a centralized voter registration system known as the Virginia Voter Registration System (VVRS), first developed in 1973. In 1988, VVRS underwent a substantial revision that moved the system from batch-driven to interactive. While the system has further evolved over time to meet ever expanding state and federal requirements, it remains a COBOL application residing on a Unisys mainframe. The Commonwealth provides secure access to VVRS by frame relay circuits running between each locality’s voter registration office and VITA, where the Unisys mainframe resides.

Although VVRS is a statewide secure system, it does not meet all of the requirements of HAVA. The system is costly to maintain and modify, and key personnel with the technical knowledge to manage the system are no longer with VITA. Studies completed in the 1990’s recommended replacement of the system. Based on these restrictive system characteristics, Elections decided to replace VVRS to meet HAVA’s specific requirements by the January 1, 2006 deadline.

### **Virginia Election and Registration Information System (VERIS)**

The VERIS project reflects Election’s effort to meet these obligations and this deadline. In addition, Elections defined the VERIS project to include streamlining and automation of other procedures that are now manual. Elections has budgeted \$12 million for the entire project, funded by the HAVA grant.

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. This represents a key mission of Elections; as such, the system is mission critical. Successful completion of VERIS by January 1, 2006, is essential for Elections to meet HAVA’s requirements, retain their federal funding, and realize new operational efficiencies.

### **Contract Management and Payments**

Due to Elections’ limited procurement resources and VITA’s responsibility for technology procurements, Elections worked with VITA’s Supply Chain Management division to develop the VERIS’

request for proposal, receive and evaluate the responses, and negotiate a contract for VERIS' delivery. Elections received approval for project development from the Information Technology Investment Board on September 2, 2004, and VITA signed a formal contract for \$6.1 million with Unisys on behalf of Elections on December 29, 2004, for delivery of VERIS by January 1, 2006.

Because VITA signed the Unisys contract, Elections relies on VITA's Supply Chain Management division to provide contract oversight and manage all contract modifications. To date there have been two contract modifications: one impacting VERIS' technical architecture, but having no impact on the final contract price and one modifying the payment schedule and allowing for additional retainages should Unisys miss any of six key deliverable dates.

The contracted payment schedule, as modified, provides progress payments as Unisys achieves specific deliverables. To date, Elections has made no payments; however, based on the recent contract modification and acceptance of their June 20 project milestone delivery, Unisys could receive their first payment by the end of June 2005.

### Contract Performance

Unisys has missed every major project milestone in the original project schedule since February 20, 2005, placing the VERIS project and its funding at risk. Elections has managed their portions of the project appropriately, escalating their concerns to VITA's Project Management Office and Supply Chain Management, the Secretary of Administration Oversight Committee and, the Commonwealth's Chief Information Officer for guidance and action.

Since the original missed milestone, Elections and VITA have worked with Unisys to develop a revised project schedule to ensure VERIS implementation in September 2005. However, the most recent version of this schedule allows no time for additional slippage; and provides limited time for key project activities, such as user acceptance testing and Elections review and acceptance of project deliverables.

As a result of the schedule slippages, the Commonwealth's Chief Information Officer (CIO) required both Elections and Unisys to complete the following tasks:

- Complete all necessary contract modification with Unisys, set achievable deadlines, and have all parties agree to these changes and deadlines.
- Develop an integrated project organization chart to include all Commonwealth and contractor resources.
- Revise VERIS risk management and contingency plans submitted to VITA's Project Management Division to address what actions Elections must undertake if Unisys does not meet the September implementation schedule for review and acceptance by the CIO.

The target date for completion of these requirements was June 17, 2005; however, while negotiated; the parties actually signed the contract modification on June 21, 2005. All parties completed the other requirements by the target date.

## **PROJECT IMPACT**

The most significant risk to the Commonwealth is the potential loss of project funding as a result of the project schedule slippage. Elections set aside \$12 million of their HAVA grant award to support VERIS. This covers the entire project budget, approximately \$6 million for Unisys software development and another

\$6 million for equipment, internal costs, interfaces, and contingencies. HAVA requirements currently mandate that Election must complete VERIS by January 1, 2006 to retain this funding. If Elections cannot implement VERIS by this date, the Commonwealth may lose all \$12 million in federal funding and would have to pay for the project costs itself, as the Commonwealth must comply with HAVA regardless of the funding source.

To mitigate the risk of losing funding, Elections continues to focus their efforts on having the system operational by September 9, 2005. This would allow Elections to use VERIS for the November general election. If Unisys cannot successfully roll out VERIS by this date, Elections will have to attempt to implement VERIS after the November general election.

A post-November general election implementation presents its own risks. Elections will more than likely have to hold a special election after the November general election to fill one or more vacancies. With the late date of the November general election this year; the holidays in November and December; and the time required for implementation, data conversion and training, Elections views this option as extremely challenging. Even in the best case scenario under this option, Elections has slightly more than four weeks in which to accomplish the implementation, which is a four-week process.

While Unisys successfully delivered a major project milestone on June 20, 2005, unless they continue to promptly deliver the remaining contracted deliverables, the VERIS project could fail. Given Unisys' previous lack of performance, we have significant concern of whether they can meet this revised schedule or even the January 1, 2006 deadline. Regardless, given the HAVA requirements, Elections cannot abandon their efforts.



# Commonwealth of Virginia

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

Walter J. Kucharski, Auditor

June 21, 2005

The Honorable Mark R. Warner  
Governor of Virginia  
State Capital  
Richmond, Virginia

The Honorable Lacey E. Putney  
Chairman, Joint Legislative Audit  
and Review Commission  
General Assembly Building  
Richmond, Virginia

Our office monitors the status of major systems development projects within the Commonwealth to help eliminate costly systems development and implementation failures.

We have completed an interim review of the State Board of Elections' (Elections) major information systems development project, the Virginia Election Registration Information System (VERIS). We conducted our overall review in accordance with the standards for performance audits set forth in Government Auditing Standards, issued by the Comptroller General of the United States.

## Objectives

Our objectives for the review of the VERIS project were to determine that:

- Elections has complied with COV ITRM Standard GOV2004-02.3.2, governing major information technology projects in the Commonwealth;
- the project is progressing on time, within budget and satisfying all defined project deliverables; and
- the Commonwealth's interests are adequately protected from loss, either financially or through a failed project.

## Scope and Methodology

Our review examined Elections' VERIS project and project management activities between June 2004 and May 2005, with a heavy emphasis on activities since the signing of the contract with Unisys on December 29, 2004.

Our work consisted of management inquiries, examination of VERIS project documentation, and attendance of agency and Secretary of Administration oversight committee meetings.

## Results

Overall we found that Elections has practiced sound project management in compliance with COV ITRM Standard GOV2004-02.3.2. To date, no payments have been made to Unisys, as Elections has not formally accepted any completed contract deliverables. However, Unisys has missed several key milestones, causing project schedule slippage and increasing project risk. Continued missed milestones by Unisys may impact the federal funding supporting this project and its ultimate success.

Additional information concerning the status and history of the VERIS project can be found in the body of this report.

We discussed this report with Elections' and Virginia Information Technology Agency's management at an exit conference on June 28, 2005.

AUDITOR OF PUBLIC ACCOUNTS

KKH:kva





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*STATE BOARD OF ELECTIONS*

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Chairman

Barbara Hildenbrand  
Vice Chairman

Jean R. Jensen  
Secretary

Lynda Sharp Anderson  
Deputy Secretary

July 6, 2005

Mr. Walter J. Kucharski  
Auditor of Public Accounts  
Post Office Box 1295  
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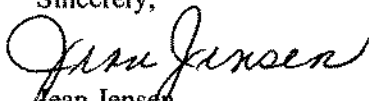
Dear Mr. Kucharski:

We find the VERIS Interim Review Report issued by the Auditor of Public Accounts to be a fair and accurate assessment of the status of the VERIS project.

I am confident the challenges of the VERIS project will continue to be met because of the cooperative efforts of the staffs of many state agencies. The State Board of Elections, Virginia Information Technologies Agency, Department of Motor Vehicles, and the Office of the Auditor of Public Accounts are all involved in the Oversight of this project and are all committed to the successful and timely implementation of a new statewide voter registration system for Virginia. Secretary of Technology Eugene Huang and Deputy Secretary of Administration Richard Zorn have been tireless in their efforts to keep the project on track.

Finally, I commend Jennifer Schreck of your staff for attending all of the meetings of the Agency Oversight Committee and for so accurately and efficiently recording the complicated process.

Sincerely,

  
Jean Jensen  
Secretary

Cc: The Honorable Eugene J. Huang, Secretary of Technology  
The Honorable Sandra D. Bowen, Secretary of Administration  
The Honorable Richard Zorn, Deputy Secretary of Administration  
Michael Brown, Chairman, State Board of Elections  
Barbara Hildenbrand, Vice Chairman, State Board of Elections



# COMMONWEALTH of VIRGINIA

Lemuel C. Stewart, Jr.  
CIO of the Commonwealth  
Email: lem.stewart@vita.virginia.gov

## Virginia Information Technologies Agency

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Richmond, Virginia 23219  
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June 30, 2005

Mr. Walter J. Kucharski  
Auditor of Public Accounts  
Post Office Box 1295  
Richmond, Virginia 23218

Dear Mr. Kucharski:

Thank you for the opportunity to respond to the Auditor of Public Accounts' VERIS Interim Review Report as of June 2005. We concur with the assessment concerning the status of the VERIS project and the risks associated with future contractor performance.

The VERIS project has been under increased oversight by the State Board of Elections (SBE), the Virginia Information Technologies Agency (VITA) Project Management Division (PMD), the Administration Secretariat Oversight Committee, and the CIO. Significant efforts have been expended by all to address project issues tied to past contractor performance. The actions taken have been successful in getting the project back on track.

In the last two weeks, all contingencies I set forth for approving a revised project schedule baseline were satisfied, including:


- Development of a revised project plan that achieves HAVA compliance by January 1, 2006 and implements VERIS in time to run the November general election.
- Implementation of a contingency plan that incorporates the use of the current SBE system (VVRS) to run the November election to mitigate the risk of contractor schedule problems.
- Negotiation of a contract modification that includes the revised project plan and schedule.

The vendor has delivered the three major deliverables in accordance with the revised project plan on time and substantially complete.

Mr. Walter J. Kucharski  
June 30, 2005  
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The CIO's assessment of the project status has been revised from "Red" to "Yellow", meaning it will remain under increased oversight and monitoring. VITA will continue to work diligently with SBE towards a successful VERIS implementation. As always, we appreciate the professionalism of your staff, particularly Jennifer Schreck, and welcome any recommendations you may wish to provide.

Sincerely,

A handwritten signature in dark ink, appearing to read "Lemuel C. Stewart, Jr.", with a stylized, cursive script.

Lemuel C. Stewart, Jr.

c: The Honorable Eugene J. Huang, Secretary of Technology  
The Honorable Sandra D. Bowen, Secretary of Administration  
Ms. Judy Napier, Assistant Secretary of Technology  
Ms. Jean Jensen, Secretary, State Board of Elections  
Members, Information Technology Investment Board

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