

# ***Digital Dashboard: Status Review of ICT Projects and Initiatives Phase 2***

Tabled 9 March 2016

The Auditor-General provides assurance to Parliament on the accountability and performance of the Victorian Public Sector. The Auditor-General conducts financial audits and performance audits, and reports on the results of these audits to Parliament.

On 9 March 2016, the Auditor-General tabled his performance audit report, *Digital Dashboard: Status Review of ICT Projects and Initiatives Phase 2*.

## Overview

- Information and communications technology (ICT) projects are key in the delivery of government services.
- We found ICT projects:
  - do not meet functionality expectations, nor demonstrate expected outcomes
  - cost much more than the planned budget, and/or are delivered much later than planned
  - are cancelled prior to completion, while still incurring significant costs.
- Government agencies and entities need to start doing ICT better.

Information and communications technology (ICT) has become, and continues to be, key in the delivery of government services. It responds to Victorians' growing expectation for faster, more reliable and more efficient service delivery.

Unfortunately, as we found in Phase 1 of this report, the Victorian public sector does not have a good track record with ICT projects.

And as confirmed again in this audit, weaknesses in planning and implementation mean that these investments often:

- do not meet functionality expectations nor demonstrate expected outcomes
- cost much more than the planned budget, and/or are delivered much later than planned
- are cancelled prior to completion, while still incurring significant costs.

With ICT having become really critical in service delivery, government agencies and entities have no choice but to start doing it better.

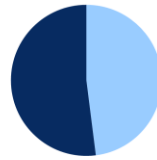
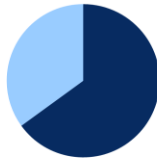


ICT has become increasingly critical to government's management of information and delivery of services.

This is reflected in the Victorian government's significant **\$3 billion annual ICT investment** across the public sector.

Phase 1 found:

nearly 35% of government ICT projects go over budget



nearly 50% complete, if at all, after initially planned completion dates.

The increasing reliance on ICT has led to a large number of ICT projects in both government and private organisations across Australia and overseas.

In Victoria, Digital Dashboard Phase 1 found that the average spend per year is \$3 billion.

Many of these ICT projects attract significant attention due to their failure to deliver as intended and also because of extensive cost and time overruns.

Digital Dashboard Phase 1 showed that nearly 35 per cent of ICT projects went over-budget and nearly half were delayed.

This is not unique for Victoria. Figures for 2015 show that 19 per cent of ICT projects of American companies, both private and government, were cancelled before completion or were delivered but never used. While 52 per cent were delivered over time, over budget and/or with less functionality than initially planned.

## Focus of this audit

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Six projects reported in *Phase 1* were examined in greater detail to assess governance effectiveness and benefits realisation.

Responsible Agency	ICT Project
City West Water	Arrow Program
Department of Justice & Regulation	Infringement Management and Enforcement System
University of Melbourne	Student Management System
Victorian Commission for Gambling and Liquor Regulation	Liquor and Gambling Information System
WorkSafe Victoria	Electronic Document Management System
Yarra Valley Water	Improving Infrastructure Management System program

The audit examined six ICT projects of City West Water, the Department of Justice & Regulation, the University of Melbourne, the Victorian Commission for Gambling and Liquor Regulation, WorkSafe Victoria and Yarra Valley Water. These were examined to assess governance effectiveness and benefits realisation.

These ICT projects were chosen from those reported in Digital Dashboard Phase 1. The criteria used for the selection included cost, scope and impact of the project, as well as extent of delay and/or deviation from initial project approvals.

## Cost and time



Only one of the six projects finished on time.

- All went—or will be—over budget (some are ongoing).
- One was terminated **six years** after planned completion date and at **\$60 million—over twice the intended budget**.
- Elements of better practice observed at the University of Melbourne and Yarra Valley Water—contributing to project completion.

**ICT projects should be better planned and implemented.**

Of the six projects examined, only Yarra Valley Water's finished on schedule.

None of the six was completed or will be completed as initially budgeted.

One project, the Department of Justice & Regulation's Infringement Management System, was terminated when the Department determined that the vendor could no longer deliver the project. This was six years after the planned completion date. At nearly \$60 million, the project cost over twice the intended budget with no result.

Some better practice elements were observed at the University of Melbourne and Yarra Valley Water, including:

- clearly articulated business requirements
- appropriately skilled project managers and IT personnel
- tenacious monitoring of the vendor's progress
- commitment to comprehensively test the system prior to project roll-out.

## Governance and benefits realisation

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- Governance arrangements—by themselves—not enough.
- Robust culture of active governance is needed to make informed decisions and to effectively engage with vendors.
- Three projects completed:
  - two of these have benefits management plans in place
  - one will be unable to report on achievement of intended benefits and outcomes.

**Be an informed and vigilant buyer.**

**Focus on benefits realisation.**

Although, by themselves, clearly defined governance arrangements do not guarantee a successful ICT project, agencies should work on developing a robust culture of active governance, particularly at the senior management level to make informed decisions and effectively engage with vendors.

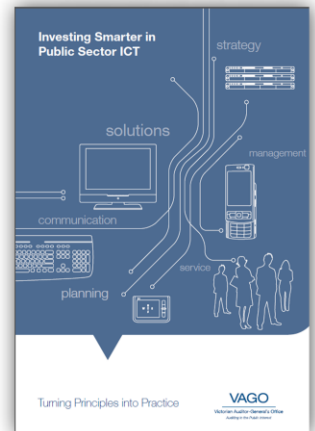
All six agencies had defined and formalised governance arrangements in place. However, these arrangements did not prevent other project management weaknesses from adversely affecting the projects.

There should be increased focus on benefits realisation. Of the three completed projects, the University of Melbourne does not have a benefits realisation plan to allow it to monitor and report on the achievement of intended benefits.

In addition to efficient project delivery, agencies should work hard on developing a culture of accountability on benefits realisation for their investments.

## Doing ICT better

- ICT is critical to government operations—government has no choice but to do ICT better.
- Agency leadership should ensure appropriate behaviours and skills set in place to successfully deliver ICT projects.
- Apply better practice elements—VAGO's *Investing Smarter in Public Sector ICT: Turning principles into practice* (July 2008).



**ICT better practice elements and lessons learned need to better shared and applied across government.**

Victorian government agencies and entities have little choice but to lift their game when it comes to ICT projects.

Ultimately, it is the responsibility of the executive leadership of all agencies and entities to ensure that the appropriate behaviours and skills set are in place for the planning and delivery of ICT projects.

There is also opportunity to learn from the experience of other similarly situated agencies to better plan and implement effective ICT projects.

Agencies and entities would greatly benefit from revisiting and applying lessons learned by others in the planning and implementation of their ICT projects.

VAGO's July 2008 *Investing Smarter in Public Sector ICT* better practice guide continues to be sound and relevant, and may be used as a starting point for doing ICT projects better.



## Recommendations

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That agencies and entities:		
1.	develop/revise guidance documentation to deliver ICT-enabled projects (take note of VAGO's <i>Investing Smarter in Public Sector ICT: Turning principles into practice</i> )	✓
2.	consider the total project cost from inception to completion through to evaluation of benefits realisation	✓
3.	ensure that they have the appropriate governance arrangements throughout the life of their ICT projects	✓
4.	ensure project status reporting is regular, reliable and easy to follow, giving agency decision makers visibility of total project cost to date against planned milestones and forecast cost to completion	✓
5.	ensure there is sufficient focus on the realisation of expected benefits.	✓

We made five recommendations for this audit:

The first one refers to the use of VAGO's *Investing Smarter in Public Sector ICT* to guide the planning and delivery of ICT projects.

The second, third and fourth refer to planning for total project costs, ensuring appropriate governance arrangements are in place, and focusing on benefits realisation from project inception.

And the fifth refers to the regular, accurate and reliable reporting on project status including on costs, time lines and key decisions.

All recommendations were accepted by the six agencies. They have outlined how they intend to address each recommendation and by when. This is contained in Appendix A of the report.

We encourage all agencies across the Victorian public sector to abide by these recommendations.

The Auditor-General will monitor this progress over time.



## Key messages

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**ICT projects should be better planned and implemented.**

**Be an informed and vigilant buyer.**

**Focus on benefits realisation.**

**ICT better practice elements and lessons learned need to be better shared and applied across government.**

In summary, we found that:

- Government agencies and entities need to better plan and implement ICT projects.
- To overcome challenges, agencies should proactively develop their capabilities as an informed and vigilant buyer of ICT products and services.
- The focus on benefits realisation should be embedded in project planning and delivery. Agencies should create an environment of accountability relative to their ICT investments.
- There are available guidance documentation on ICT projects better practice elements. These and learnings from past ICT projects could and should be better shared and applied across government.

## Overall message

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**ICT is critical to government operations.  
Agencies and entities need to do ICT better to  
deliver new capabilities and realise intended  
benefits.**

At this time in history when ICT is front and centre in information management and service delivery, agencies and entities need to lift their game where ICT projects are concerned.

## Relevant audits

- *Digital Dashboard: Status Review of ICT Projects and Initiatives Phase 1 (April 2015)*
- *Investing Smarter in Public Sector ICT: Turning principles into practice (July 2008)*

Relevant audits and guides are listed on this slide.

## Contact us

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For further information on this presentation please contact:

Victorian Auditor-General's Office

[p] 8601 7000

[w] [www.audit.vic.gov.au/contact\\_us.aspx](http://www.audit.vic.gov.au/contact_us.aspx)

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