

# Abstract:

## Assessment by the Danish Council for IT Projects

The IT Project Council was set up to enhance professionalisation of government IT projects. As part of this work, the Council completes a risk assessment of all government IT projects with a total budget of more than DKK 10 mill. The IT Project Council is an advisory body that assists government authorities with recommendations and advice.

A risk assessment involves both a technical element, in which the risk profile of the project is drawn up, and a managerial element, in which a member of the IT Project Council discusses this risk profile with the member of the board of management responsible at the authority in question. This dialogue and any subsequent recommendations are important steps towards maturing both the organisation of the project and the role of management in project management.

Recent analyses of government IT projects such as *PRO-ASK* in the National Board of Industrial Injuries and in particular *EFI* in the Central Customs and Tax Administration (SKAT) show that even at authorities for whom IT systems are a central hub, major problems continue to arise in development of complex systems. These are long-term projects, challenged by the desire to automate the underlying procedures and rules. Moreover, projects do not always have the necessary management anchoring.

*EFI* and *PRO-ASK* were initiated before the IT Project Council was set up, and therefore they have not been through a risk assessment. However, the IT Project Council has observed similar challenges in projects within the Council's portfolio. Similarly, the project competences and preconditions under which government projects have to be completed are extremely problematic for many authorities, and therefore the Council has decided to take up these three themes in this article.

### Management

An important precondition for a successful IT project is good management. An IT project does not just involve technical IT; it is just as much a change project, with many complex issues. Successful completion and implementation are closely linked to knowledge about the procedures to be automated, experience with project management, and knowledge about changing work processes. Therefore, projects depend on management anchoring.

The IT Project Council has assessed that, in future, the government sector will see larger and more complex projects as a result of increasing needs to upgrade aging infrastructure, modernise system complexes, and streamline and automate procedures in relation to the public and enterprises. For better project results, this augments the need for directors and senior managers to head up the projects they have initiated and which affect their business: sometimes dramatically.

Responsible senior management must pave the way for the project, solve possible organisational problems, and ensure that the right resources are available for the project. It is a difficult task, but it is vital. Examination of all the recommendations from the IT Project Council up to the second half of 2014 indicates that recommendations on governance and project organisation, including matters involving steering groups and management, account for 46%. The corresponding figure for the first half of 2015 was 50%, indicating that there is a great potential for improvement in management of government IT projects.

Senior management could also benefit from considering developing a strategy for how business development is best supported by technological options. Technology and IT development should be much higher on the strategic agenda for public authorities. This will strengthen the role of senior management in the steering group of the IT project and benefit completion of the project.

## **Competences**

Understanding the management task in digital change projects is crucial for any government manager in 2015, as highlighted in the section above. The IT Project Council has launched an initiative to enhance the competences of state senior management and steering groups. The objective is to ensure that training and education in project management are high on the management agenda and that there are opportunities for coaching and exchange of experience across government departments.

Another theme in the competences field, that the IT Project Council also considers as vital for successful completion of IT projects, is government collaboration with its suppliers. The more mature the government is as a customer, the better the foundation for the project. Looking at the recent media coverage of IT projects that have gone off the rails, it is notable that preparation of specifications of requirements, tendering procedures, and ongoing cooperation with suppliers are generally highlighted as particularly difficult and as having had negative impacts on the quality of the final system.

The government must take its procurement role seriously and make sure that the right competences are in place, including the right project-management competences, internal technical competences, and the ability to integrate business aspects with the IT project. It is also important that the authority avoids changing the project manager and resources during the project, and that the authority considers very carefully how to secure transfer of knowledge and ownership, before deciding to outsource critical functions to consultants.

Good collaboration between customer and supplier is vital. Even though a contract includes fines and allowances, these do not outweigh the damage caused by a project having to be suspended because of poor collaboration. Over the next year, the IT Project Council will be facilitating a series of workshops to which the director generals from government agencies will be invited, as well as suppliers. The Council hopes that this can contribute to greater understanding and trust as well as better dialogue on both sides of the table.

In general, competence development is about working systematically with the competences required by the organisation within, for example, specialist IT, project management, IT architecture and management, in order to complete successful projects. It is important to assess whether these competences are in place in the authority, how to close any gaps, and then how to ensure that they do not occur again. If it is not clear from the start that the competence area requires continuous effort, it will be impossible to achieve the degree of professionalism required, as new managers, employees and suppliers arrive all the time.

## Preconditions

Many projects are tied to a fixed deadline when they are implemented, sometimes stipulated by legislators, and they are subject to an approved budget. This can be very good if the deadlines are reasonable, but on the other hand, there is a risk that the quality of the solution could be sacrificed if there is no more time or money to develop, test and train users. If quality is the only parameter in a project that can be adjusted by the authority, the result will be bad IT solutions.

For example, the new implementation centre for property valuation at the Danish Ministry of Taxation (*ICE*), which was started in 2014. *ICE* must be ready for use to value freehold dwellings from 2017, and to value other property from 2018. These deadlines have been stipulated by law. *ICE* shares this requirement with many other legislative and EU projects in the Council portfolio.

Therefore, in the risk assessment of *ICE* it was predictable that the core risk factor for the project is the timetable. The timetable means that many of the activities in *ICE* run in parallel and have been started before the requirements are known and adopted politically. These parallel activities give large inter-dependencies within the project, they increase the cost of the project, and they make it difficult to transfer learning from one sub-project to another. A project like this requires a timetable set on the basis of an informed and technical report, taking into account the maturity of the organisation and the complexity of the task, and not just on the basis of statutory deadlines. In general, management, the business and the project should together secure a predefined level of ambition for the project by setting the scope such that it covers the wishes of the business and is realisable within the framework of the project.

Another precondition is that an increasing number of projects and programs require several authorities and/or the government, municipalities and regions to take part in implementation. However, every ministry and agency in the government structure is allocated its own budget with regard to resources and finances, and one authority does not have management or budgetary authority over another authority. This means that completion of inter-departmental/ministerial projects or programs is made more difficult, as no party in the overall initiative is able to, or has authority to, move money or personnel across authorities.

The *Basic Data Program*, which was submitted to the IT Project Council for replanning in June 2015, is subject to this situation, and this is affecting progress and leading to risks. The IT Project Council has assessed that if the government wants to run initiatives across ministries or across the public sector, there must be active work to find an organisational solution that enables stronger management and control across parties. Otherwise, there is a risk that no one will take responsibility.

Overall, the IT Project Council notes that there is a need to look more closely at the preconditions under which government IT projects are established. Good models, best practice and risk assessments are of little value if a project or program is not able to benefit from recommendations, experience and advice due to difficult preconditions.

## IT projects in the IT Project Council's portfolio

The Council has decided to describe three issues in this article that have led to great challenges for the IT projects in the Council's portfolio over the past six months.

The progress report for the first half of 2015 contains an active portfolio of 24 projects, of which ten are very new and have been included in the report for the first time. Of the remaining projects, eight have been replanned, either through a revisit from the IT Project Council, or, because of budget or time overruns, through allocation of new resources by the Parliamentary Finance Committee. This illustrates that there are challenges in completing projects according to plan. This observation is supported by the projects in the portfolio that have been completed in the past six months. Although five out of six projects have kept reasonably well to their original budget and timetable, in several cases this has only been possible by reducing the original scope of the projects or the efficiency targets.

As mentioned above, the IT Project Council has replanned *the Basic-Data Program*, in which sub-program 7: Data Distributor has been granted new funding and a new timetable by the Finance Committee. Despite this, the Council has decided to maintain its overall yellow mark because of the complexity of the program, its large internal and external dependencies, as well as resources challenges.

The *SARA (Joint Museum IT)* project under the Danish Agency for Culture has contributed positively to the Council's portfolio in the last half year. The project is expected to be completed 15 months early, reduce project costs by DKK 5.9 mill. and increase financial returns by DKK 5.6 mill. The project is a good example of a government IT project, which from the start calculated on having to develop a new system, but which found a standard system instead and thereby minimised time, complexity and costs (principle no. 2 for government IT projects). The Council hopes that in the next half year there will be more IT projects with the same success.

In the near future, the IT Project Council will examine how the Council can get better insight into the actual progress of government IT projects, including how the IT Project Council can support the implementation phase and thus, hopefully, contribute to setting focus on better management anchoring, stronger competences and better preconditions for government IT projects!

IT Project Council



Mogens Pedersen, chairman  
Ministry of Finance



Birgit Nørgaard,  
vice-chairman  
Member of the board of directors