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**State Auditor**

A Report on

# **Analysis of Quality Assurance Team Projects**

December 2014

Report No. 15-015



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## Overall Conclusion

At the request of the State's Quality Assurance Team (QAT), the State Auditor's Office analyzed eight major information system development projects at seven agencies. The QAT selected those eight projects because (1) the agencies had reported the projects were complete or nearing completion or (2) the QAT identified the projects as high-risk.

It is important to note that the agencies self-reported the information in this report, and the State Auditor's Office did not independently verify that information.

At the time of the State Auditor's Office analysis, two of the eight projects were complete, five were in process, and one was closed early without completion of the full project scope. The eight projects were:

- The Office of the Comptroller of Public Accounts' (Comptroller's Office) Centralized Accounting and Payroll/Personnel System - Financials - Agency Deployment FY14 project.
- The Texas Department of Motor Vehicles' (TxDMV) National Motor Vehicle Title Information System project.
- The Department of Public Safety's (DPS) Fingerprint, Portrait, Signature project.
- The Department of State Health Services' (DSHS) Clinical Management for Behavioral Health Services, Phase Five project.
- The Texas Department of Transportation's (TxDOT) Enterprise Business Intelligence System project.
- The Texas Department of Transportation's (TxDOT) TxTAG Customer Service Center Back Office System project.

### Background Information

In 1993, the 73rd Legislature established the State's Quality Assurance Team (QAT). The QAT comprises representatives from the Legislative Budget Board, the State Auditor's Office, and the Department of Information Resources. The QAT approves and reviews major information system development projects.

The State Auditor's Office has delegated its voting authority to the Legislative Budget Board on any QAT decisions to approve or not approve the expenditure of appropriated funds for major information resources projects.

Source: QAT Web site at <http://qat.state.tx.us>.

This project was conducted in accordance with Texas Government Code, Sections 2054.1181 and 2054.158.

For more information regarding this report, please contact Cesar Saldivar, Audit Manager, or John Keel, State Auditor, at (512) 936-9500.

- The Texas Workforce Commission's (TWC) Improve Tele-Center Call Handling project.
- The Water Development Board's (WDB) Texas Water Information System Expansion Phase 3 project.

As Table 1 and Table 2 on the next pages show:

- Two projects are projected to be completed on time and under budget (the Comptroller's Office's Centralized Accounting and Payroll/Personnel System - Financials - Agency Deployment FY14 project and DPS's Fingerprint, Portrait, Signature project).
- One project was under budget and was closed early before the completion of the full project scope (TxDOT's Enterprise Business Intelligence System project).
- Two projects were not completed on time and were under budget (TxDMV's National Motor Vehicle Title Information System project and TWC's Improve Tele-Center Call Handling project).
- Three projects were not completed on time and are projected to be over budget (DSHS's Clinical Management for Behavioral Health Services, Phase Five project; TxDOT's TxTAG Customer Service Center Back Office System project; and WDB's Texas Water Information System Expansion Phase 3 project).

Table 1

Summary of Project Costs As of October 31, 2014, as Reported to Auditors				
Agency and Project	Original Budget <sup>a</sup>	Project Costs <sup>b</sup>	Project Costs Under/(Over) Original Budget	Percent Complete <sup>c</sup>
Comptroller Office's Centralized Accounting and Payroll/Personnel System - Financials - Agency Deployment FY14	\$5,919,162	\$5,199,450	\$719,712	96% <sup>d</sup>
TxDOT's National Motor Vehicle Title Information System	\$2,095,370	\$1,111,096	\$984,274	100%
DPS's Fingerprint, Portrait, Signature	\$7,786,570	\$2,550,579	\$5,235,991	94%
DSHS's Clinical Management for Behavioral Health Services, Phase Five <sup>e</sup>	\$3,543,750	\$4,743,253	\$(1,199,503)	95%
TxDOT's Enterprise Business Intelligence System <sup>f</sup>	\$5,010,885	\$2,688,161	\$2,322,724	Closed
TxDOT's TxTAG Customer Service Center Back Office System <sup>g</sup>	\$8,658,988	\$8,871,421	\$(212,433)	99%
TWC's Improve Tele-Center Call Handling	\$6,307,521	\$1,092,340	\$5,215,181	100%
WDB's Texas Water Information System Expansion Phase 3	\$1,773,892	\$2,115,101	\$(341,209)	97%

<sup>a</sup> This column lists the original project budget the agency submitted to the QAT in its *Business Case Workbook* for the project.

<sup>b</sup> This column lists the total project costs as of October 31, 2014, that the agency reported to auditors. Except for TxDOT's TxTAG Customer Service Center Back Office System project, the project costs listed are the reported actual expenditures for project implementation as of October 31, 2014. For all projects, the amounts listed do not include ongoing system maintenance costs. For projects that are not 100 percent complete or closed, there may be additional project costs; however, the agencies do not anticipate that those costs will be significant.

<sup>c</sup> This column lists the project's percentage completion that the agency reported in its most recent monitoring report to the QAT.

<sup>d</sup> The Comptroller's Office reported the project was 96 percent complete in its monitoring report submitted to the QAT for the period ended August 31, 2014. As of October 31, 2014, the Comptroller's Office reported to auditors that the project was 100 percent complete.

<sup>e</sup> DSHS did not include agency personnel costs in its original project budget. Total project costs include agency personnel costs and costs associated with changes in project scope.

<sup>f</sup> TxDOT asserted that it canceled Phases III and IV of the project because those phases no longer supported the TxDOT information technology strategic roadmap; TxDOT has closed the project.

<sup>g</sup> The total project costs as of October 31, 2014, are estimates based on paid expenditures and contractual commitments. While the vendor had delivered the services required for the remaining project milestones and the system was live, the vendor had not submitted invoices for those milestones as of October 31, 2014. TxDOT estimated the total actual costs for the TxTAG Customer Service Center Back Office System project would be approximately \$8.9 million; however, final project costs cannot be determined until the vendor submits all invoices and required project documentation. In its monitoring report for the period ended September 17, 2014, TxDOT reported \$3,619,381 in paid expenditures to date.

Source: Information that the agencies provided.

Table 2

Summary of Project Completion Dates As of October 31, 2014				
Agency and Project	Original Scheduled Completion Date	Revised Scheduled Completion Date <sup>a</sup>	Actual Completion Date	Actual or Projected Months Past/ (Ahead of) Original Completion Date
Comptroller's Office's Centralized Accounting and Payroll/Personnel System - Financials - Agency Deployment FY14	October 31, 2014	October 31, 2014	October 31, 2014	0
TxDMV's National Motor Vehicle Title Information System	April 30, 2014	June 30, 2014	June 30, 2014	2
DPS's Fingerprint, Portrait, Signature	December 31, 2014	December 31, 2014	Not applicable	0
DSHS's Clinical Management for Behavioral Health Services, Phase Five	August 31, 2013	November 26, 2014	Not applicable	15
TxDOT's Enterprise Business Intelligence System <sup>b</sup>	March 31, 2015	March 31, 2015	February 28, 2014	(13)
TxDOT's TxTAG Customer Service Center Back Office System	June 25, 2012	September 5, 2014 <sup>c</sup>	Not applicable	26
TWC's Improve Tele-Center Call Handling	December 31, 2013	August 31, 2014	August 31, 2014	8
WDB's Texas Water Information System Expansion Phase 3	March 31, 2013	October 1, 2014 <sup>d</sup>	Not applicable	18

<sup>a</sup> This column lists the estimated project completion date that the agency reported in its most recent monitoring report to the QAT.

<sup>b</sup> TxDOT asserted that it canceled Phases III and IV of the project because those phases no longer supported the TxDOT information technology strategic roadmap; TxDOT has closed the project.

<sup>c</sup> In its monitoring report to the QAT for the period ended September 17, 2014, TxDOT reported that the system was in full production; however, it had processed only \$3,619,381 in project expenditures due to vendor delays in submitting invoices.

<sup>d</sup> In its monitoring report to the QAT for the period ended August 31, 2014, WDB estimated the project completion date would be October 1, 2014; however, WDB reported to auditors that the project was extended until December 1, 2014.

Source: Information that the agencies provided.

Management of the projects reviewed reported that the following practices positively affected project outcomes:

- Use of a project management office to help ensure consistent practices across projects, manage knowledge transfer within the agency, assist with the Department of Information Resources' Texas Project Delivery Framework, and help ensure that required documents are prepared accurately and submitted in a timely manner.
- Clearly defining the scope of the project and using small, distinct phases for system implementation.

- Being alert to improvements in technology and being flexible enough to depart from a planned approach to adopt a more cost-effective, viable solution.

In analyzing the eight projects, auditors also noted the following:

- Agencies did not always report all project costs to the QAT in accordance with the cost-reporting requirements in the Department of Information Resources' Texas Project Delivery Framework.
- Agencies did not always obtain approval from the QAT prior to beginning a project or did not always submit required reports to the QAT in a timely manner.
- Turnover in key project staff at some agencies delayed the projects or hindered reporting on projects to the QAT.

### ***Summary of Objective, Scope, and Methodology***

The objective of this project was to, in coordination with the Legislative Budget Board and the Department of Information Resources, review information technology projects and provide technical analysis of project risks to the QAT.

The project scope covered eight major information resources development projects at seven state agencies. The State Auditor's Office analyzed those eight projects at the request of the QAT, which selected those projects because (1) the agencies had reported the projects were complete or nearing completion or (2) the QAT identified the projects as high-risk.

From September 2014 through November 2014, auditors and QAT members reviewed the QAT documentation available for the eight selected major information resources development projects. That documentation included *Business Cases*, *Business Case Workbooks*, *Statewide Impact Analyses*, project plans, *Post-implementation Reviews of Business Outcomes* (if available), and monitoring reports. Auditors also conducted interviews with key personnel involved in the projects and observed demonstrations of the systems.

The agencies self-reported the development information presented in this report to auditors and the QAT. The State Auditor's Office did not independently verify the accuracy of the information that the agencies reported or perform any data reliability work.

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## ***Detailed Results***

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# Detailed Results

Chapter 1

## The Office of the Comptroller of Public Accounts' Centralized Accounting and Payroll/Personnel System - Financials - Agency Deployment FY14 Project

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### Project History/Overview

#### Project Summary

Original:

- End date: October 31, 2014
- Budget: \$5,919,162

Current:

- End date: October 31, 2014
- Project Costs: \$5,199,450

Status: 96 percent complete. <sup>a</sup>

<sup>a</sup> The Comptroller's Office reported the project was 96 percent complete in its monitoring report submitted to the QAT for the period ended August 31, 2014. As of October 31, 2014, the Comptroller's Office reported to auditors that the project was 100 percent complete.

#### Enterprise Resource Planning

An enterprise resource planning system consolidates aspects of a business within a commonly aligned set of systems. That may include consolidation of accounting, payroll, human resources, inventory, fleet management, and other functions. With an enterprise resource planning system, information is entered once and then carried over to all other functions, resulting in less room for error and greatly reduced manual effort. Reporting is more accurate and highly automated, providing greater detail and better access to data for "big-picture" overviews.

Source: <http://www.txprojectone.org>.

The purpose of this project was for the Office of the Comptroller of Public Accounts (Comptroller's Office) to deploy the Centralized Accounting and Payroll/Personnel System – Financials (CAPPS Financials) at the Department of Motor Vehicles, the Juvenile Justice Department, the Railroad Commission, and the Public Utility Commission of Texas. Those agencies began using CAPPS as their internal accounting system on September 2, 2014.

This project will further the overall statewide initiative of having "one set of books," also known as the "ProjectONE" initiative. The financial systems deployed include the general ledger, accounts payable, procurement, and purchasing modules. CAPPS Financials is part of the enterprise resource planning system for the State (see text box). Prior to this project, the Comptroller's Office had deployed CAPPS Financials internally and at the Department of Information Resources, the Department of Transportation's Central Texas Turnpike System, and the Department of Insurance. The Comptroller's Office plans to deploy payroll and human resources segments of CAPPS at several agencies at a later time as part of a separate project.

CAPPS Financials interfaces with the State's Uniform Statewide Accounting System, which will continue to be the State's system of record until the State's transition to CAPPS Financials is complete.

#### Project Status

The Comptroller's Office deployed CAPPS Financials at the four agencies as planned on September 2, 2014. The project was in the post-implementation stage in September 2014 and October 2014, during which time the Comptroller's Office worked to resolve final implementation issues at the agencies and to provide additional training to those agencies' staff. The project was completed on October 31,

2014, as originally scheduled.



## Project Costs

Table 3 summarizes budgeted and actual project costs for the CAPPs Financials project.

Table 3

Summary of Project Costs for the CAPPs Financials Project As of October 31, 2014, as Reported to Auditors			
Budget Category	Original Budget <sup>a</sup>	Project Costs <sup>b</sup>	Project Costs Under/(Over) Original Budget
Agency Personnel Costs	\$ 1,476,042	\$ 1,703,929	\$(227,887)
Contract/Consultant Service	3,671,055	3,495,521	175,534
Contingency	772,065	0	772,065
<b>Total Project Costs</b>	<b>\$5,919,162</b>	<b>\$5,199,450</b>	<b>\$719,712</b>
<sup>a</sup> The original budget amount is from the Comptroller's Office's <i>Business Case Workbook</i> submitted in October 2013. <sup>b</sup> The Comptroller's Office reported to auditors that the CAPPs Financials project was completed on October 31, 2014, as originally planned and that this column represents total final costs for the project. The amounts listed are actual expenditures for project implementation and do not include ongoing system maintenance costs.			

Sources: The QAT and information that the Comptroller's Office provided.

Comptroller's Office project management reported to auditors that the CAPPs Financials project was completed under budget, with total final costs for the project of approximately \$5.2 million. Comptroller's Office project management also asserted that it did not include fringe benefits associated with Comptroller's Office personnel costs in project costs to date on its monitoring reports to the Quality Assurance Team (QAT). However, fringe benefit costs are included in the project costs reported in Table 3.

## Project Benefits

CAPPs Financials is a Web-based system that allows user agencies to have real-time access to financial information and provides enhanced reporting capabilities. CAPPs Financials and the other enterprise resource planning system modules will replace numerous outdated processes and systems, allowing agencies to better focus their resources on key mission activities. According to the Comptroller's Office, CAPPs Financials will provide the following benefits to state agencies:

- Eliminate obsolete business processes, including manual processing, duplicate data entry, paper processing, and manual reconciliations.
- Eliminate redundant databases.

- Increase security while maintaining transparency.
- Improve response time to inquiries from legislators, state agencies, and oversight agencies by using real-time processing and integrated databases.
- Establish a common data language, which provides for consistent reporting and better analysis of how the State's money is spent.
- Offer individual agencies a viable alternative to purchasing a new accounting system or upgrading their existing system.
- Establish a procurement system that will be fully integrated with the financial accounting, asset management, and inventory management modules, which will provide purchasing data that can reduce the State's cost of goods and services.

### **Project Demonstration**

A demonstration provided an overview of CAPPS Financials system functionality. The demonstration showed screens used to initiate and process a purchase requisition, including the recording of associated accounts payable and entry into the general ledger. The Comptroller's Office asserted that CAPPS Financials is functioning as intended at the four agencies at which it has been deployed, and it provides improved functionality compared to those agencies' previous accounting systems.

### **Additional Information**

The Comptroller's Office reported that the CAPPS Financials project benefited from the use of the Comptroller's Office's project management office and from the use of project phasing, which can reduce the risk of budgeting errors and project scope changes.

Through previous deployments of the financial module of CAPPS, the Comptroller's Office developed a template for additional deployments of the system at agencies. The Comptroller's Office was able to incorporate lessons learned from previous deployments into the CAPPS Financials project, which allowed for more accurate project budgeting and minimized project changes.

The Comptroller's Office asserted that multiple state agencies had expressed interest in being included in future deployments of the financial module of CAPPS.

## **The Texas Department of Motor Vehicles' National Motor Vehicle Title Information System Project**

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### **Project Summary**

Original:

- End date: April 30, 2014
- Budget: \$2,095,370

Current:

- End date: June 30, 2014
- Project Costs: \$1,111,096

Status: 100 percent complete.

### **National Motor Vehicle Title Information System**

The National Motor Vehicle Title Information System (NMVTIS) is an electronic system designed to protect consumers from fraud and unsafe vehicles and to keep stolen vehicles from being resold. NMVTIS is also a tool that assists states and law enforcement in deterring and preventing title fraud and other crimes. Consumers can use NMVTIS to access important vehicle history information.

The U.S. Department of Justice is responsible for the oversight of the implementation and operation of NMVTIS and works in partnership with the American Association of Motor Vehicle Administrators.

Source:

<http://www.vehiclehistory.gov>.

### **Project History/Overview**

The purpose of the project was to bring the Texas Department of Motor Vehicles (TxDMV) into compliance with federal vehicle titling standards, verify the accuracy of vehicle titles presented, and improve the quality and method of providing information to the National Motor Vehicle Title Information System (NMVTIS) (see text box). Prior to the implementation of this project, the TxDMV provided data to NMVTIS in a format that was not consistent with the American Association of Motor Vehicle Administrators' standards and did not query manufacturer certificate of origin or out-of-state ownership documents in accordance with federal requirements.

NMVTIS serves as a repository of vehicle-related information, which provides states with a mechanism to instantly check all state vehicle title records to verify the accuracy and legitimacy of title information. That includes relaying and receiving vehicle "brand" information, a descriptive label that identifies the vehicle's current or prior condition, as well as receiving title information from other states to mitigate the risk of the State issuing an inaccurate title on a previously damaged or stolen vehicle.

The NMVTIS project updated existing vehicle titling systems at the TxDMV to allow for entry of additional vehicle title information and to ensure that vehicle data and brand information was mapped correctly to national standards. Additionally, as part of the NMVTIS project, the TxDMV undertook a marketing campaign to encourage consumers to check vehicle title history prior to purchasing a vehicle.

### **Project Status**

The NMVTIS project is complete and the related systems function as intended. The QAT approved the project in April 2013, with an original planned completion date of April 30, 2014. In its monitoring report for the period ended March 31, 2014, TxDMV project management reported that it extended the project's completion date to June 30, 2014, to lengthen the customer service and technical support period for users. TxDMV project management reported to auditors that the NMVTIS project was implemented on May 12, 2014, and the project was 100 percent complete on June 30, 2014.

## Project Costs

Table 4 summarizes budgeted and actual project costs for the NMVTIS project.

Table 4

Summary of Project Costs for the TxDMV's NMVTIS Project As of October 31, 2014, as Reported to Auditors			
Budget Category	Original Budget <sup>a</sup>	Project Costs <sup>b</sup>	Project Costs Under/(Over) Original Budget
Agency Personnel Costs	\$ 954,804	\$ 209,093	\$ 745,711
Contract/Consultant Services	1,140,566	902,003	238,563
<b>Total Project Costs</b>	<b>\$2,095,370</b>	<b>\$1,111,096</b>	<b>\$984,274</b>
<sup>a</sup> The original budget amount is from the TxDMV's <i>Business Case Workbook</i> dated January 29, 2013. <sup>b</sup> The project costs listed are the actual expenditures for project implementation, as reported to auditors, as of October 31, 2014, and do not include ongoing system maintenance costs.			

Sources: The QAT and information that the TxDMV provided.

The NMVTIS project was completed under budget. TxDMV project management asserted that the project was under budget due to cost savings associated with converting contract labor to full-time positions and through strict detailed management of each project phase.

## Project Benefits

TxDMV project management reported that the NMVTIS project brings the TxDMV's Vehicle Titles and Registration Division into full compliance with federal regulations related to NMVTIS. The TxDMV reported that the project improved the TxDMV's quality and method for sending information to and receiving information from the NMVTIS system. As a result of the project, the TxDMV is able to update corrected title information directly into the NMVTIS system. That helps protect consumers from unsafe vehicles by carrying title information throughout the vehicle life cycle and by mitigating the risk of stolen motor vehicles being introduced into the marketplace.

## Project Demonstration

A demonstration of the NMVTIS project indicated that the related systems appear to be functioning as intended. The demonstration provided an overview of changes made to the State's vehicle titling systems to comply with federal requirements and the communication between the State's systems and NMVTIS. The demonstration also included the marketing campaign that

the TxDMV used to improve awareness of the benefit of checking vehicle titles prior to purchasing a vehicle.

### **Additional Information**

TxDMV project management reported that the NMVTIS project benefitted from having a clear project scope and a phased systems implementation approach. Additionally, TxDMV project management reported using lessons learned from other states and a formal change management process.

During the project, the TxDMV did not submit one of the required quarterly monitoring reports and the QAT subsequently required the TxDMV to submit monitoring reports on a monthly basis. In response, the TxDMV established a schedule for meeting Quality Assurance Team monitoring reporting timeframes.

## The Department of Public Safety's Fingerprint, Portrait, Signature Project

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### Project History/Overview

#### Project Summary

Original:

- End date: December 31, 2014
- Budget: \$7,786,570

Current:

- End date: December 31, 2014
- Project Costs: \$2,550,579

Status: 94 percent complete.

The purpose of the project was to replace the Department of Public Safety's (DPS) driver license equipment with an improved system that captures fingerprints, portraits, and signatures digitally with high resolution and quality. The Fingerprint, Portrait, Signature (FPS) project is part of the overall revamping of DPS's driver license offices.

DPS asserted that prior to the FPS project, the State's driver license offices had outdated systems for processing fingerprints, portraits, and signatures that no longer met the functionality and capacity of DPS.

The previous software and the fingerprint, portrait, and signature capturing equipment in the driver license offices was obsolete and approaching the end of its life cycle. The previous fingerprint capturing equipment did not meet national standards for fingerprint capture or exchange. Aging equipment and software in the State's driver license offices added to the inefficiencies that customers experienced.

The FPS system for the driver license offices' customer service representatives consists of capture software, a camera, a fingerprint machine, and a signature pad. The FPS system is able to capture all 10 fingerprints, a current photograph, and a digital signature of the customer.

### Project Status

The FPS project began in October 2011 and DPS reported that it expects the project to be completed by December 31, 2014, as originally planned. DPS project management reported that the FPS system was implemented in March 2014 and, as of April 8, 2014, the FPS equipment had been deployed to all driver license offices in the state. In its monitoring report for the period ended September 30, 2014, DPS project management reported that the FPS system contractor was in the process of delivering software fixes to equipment in the driver license offices.

## Project Costs

Table 5 summarizes budgeted and actual project costs for the FPS project.

Table 5

Summary of Project Costs for the FPS Project As of October 31, 2014, as Reported to Auditors			
Budget Category	Original Budget <sup>a</sup>	Project Costs <sup>b</sup>	Project Costs Under/(Over) Original Budget
Agency Personnel Costs	\$ 1,852,570	\$ 403,908	\$ 1,448,662
Contract/Consultant Service	5,934,000	2,146,671	3,787,329
<b>Total Project Costs</b>	<b>\$7,786,570</b>	<b>\$2,550,579</b>	<b>\$5,235,991</b>
<sup>a</sup> Original budget amount is from DPS's <i>Business Case Workbook</i> dated October 2013. <sup>b</sup> Total FPS project costs are as of October 31, 2014, as reported to auditors. DPS asserted that, prior to its monitoring report for the period ended September 30, 2014, it included only information technology costs associated with the project in its monitoring reports. The amounts listed are actual expenditures for project implementation and do not include ongoing system maintenance costs.			

Sources: The QAT and information that DPS provided.

DPS project management reported that it expects the FPS project to be completed under budget. DPS attributed the project cost savings to the FPS system contractor covering the costs to upgrade the equipment to a new operating system; removing contractor traveling costs; reducing contractor staffing during the implementation stage of the FPS project; and reducing the number of desktop stations leased from 1,500 to 1,100 units.

Prior to its monitoring report for the period ended September 30, 2014, DPS project management included only information technology costs for the FPS project in its monitoring reports submitted to the QAT. As a result, the FPS project monitoring reports understated the project costs to date. DPS leases the FPS system equipment from the contractor; therefore, FPS project costs are associated with the implementation of the new system and do not include ongoing lease and maintenance fees.

## Project Benefits

In its *Business Case* for the FPS project, DPS's goals for the project were to reduce customer wait times, improve the quality of the captured biometrics, help ensure that DPS meets national standards, reduce fraudulent transactions by identifying customers completing the transactions, and implement a standardized FPS system that would allow future modifications to be completed easily.

The legacy fingerprint capturing equipment processed only a customer's thumbprints and had limited pixilation for comparative matches of fingerprints. The FPS system captures all 10 fingerprints and has a higher pixilation that has improved the transfer of data to law enforcement. FPS project management asserted that the FPS system is accurately capturing an applicant's information and transferring the information to DPS's Law Enforcement Support Division. DPS project management reported that the improved fingerprint quality meets the National Institute of Science and Technology standards and the high resolution of the fingerprint technology allows DPS to check customer fingerprints against the Texas Automated Fingerprint Identification System database.

DPS project management reported that the delay for capturing customer portraits has decreased and a customer's information requires less digital storage space than it previously had required. FPS system upgrades have updated the operating systems at the driver license offices and replaced old equipment, enabling customer service representatives to work more effectively and efficiently when serving the public.

### **Project Demonstration**

A demonstration of the FPS project indicated that the FPS equipment and capture software appear to be operating as intended. During the demonstration, auditors observed the FPS equipment that DPS leased and how the new software system captures a customer's biometrics and other information. The demonstration also included a tour of the new Driver License Mega Center in Pflugerville, Texas, where DPS has implemented additional upgrades to improve customer service.

### **Additional Information**

Although the FPS project began in October 2011, DPS did not obtain approval for the FPS project from the QAT until October 2013. DPS project management submitted its first monitoring report for the FPS project in December 2013.



## ***The Department of State Health Services' Clinical Management for Behavioral Health Services, Phase Five Project***

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### **Project History/Overview**

#### **Project Summary**

Original:

- End date: August 31, 2013
- Budget: \$3,543,750

Current:

- End date: November 26, 2014
  - Project Costs: \$4,743,253
- Status: 95 percent complete.

The Clinical Management for Behavioral Health Services, Phase Five (CMBHS) project is the last phase in a series of projects at the Department of State Health Services (DSHS) intended to provide a complete database of mental health and substance abuse services and clients for the State.

Prior to the implementation of the CMBHS project, DSHS and its contracted providers used multiple information systems for managing community substance abuse and mental health services. DSHS considered most of those systems to be outdated, not interoperable with other state or local data systems, and costly and inefficient to maintain. The CMBHS project was an effort to improve DSHS's public health information infrastructure.

#### **The General Appropriations Act (82nd Legislature)**

The General Appropriations Act (82nd Legislature) mandated that DSHS improve the measurement, collection, and reporting of outcome data for medically indigent and Medicaid clients who receive publicly-funded behavioral health services.

In response to legislation, DSHS developed new assessment tools (the Child and Adolescent Needs and Strengths Assessment and the Adults Needs and Strengths Assessment) and integrated them into the CMBHS project to improve the accuracy of client outcome data.

Source: General Appropriations Act (82nd Legislature) and information that DSHS provided.

During the planning of the CMBHS project, DSHS revised the scope of the CMBHS project to address legislative changes (see text box). DSHS enhanced the project scope to include the development and integration of new client assessment tools into CMBHS to comply with the legislative requirements. DSHS also removed several deliverables from the project scope, including the integration of a subscription-based medications database, a computerized physicians order entry system, and E-prescription services into the CMBHS system. DSHS transferred the removed deliverables and functionality to the Client Assignment and Registration system retirement project.

Separate from the project scope changes to address legislative changes, DSHS added several other deliverables to the CMBHS project after the QAT approved the project. Those changes included the addition of substance abuse preauthorizations and youth empowerment services waiver, substance abuse, and Medicaid Management Information Systems interface functionalities.

### **Project Status**

As part of this project, DSHS deployed two major releases of the CMBHS system, and the system is functioning as intended. The first release for the CMBHS system was completed on September 9, 2013, and the second release was completed on October 6, 2014. The final two months of the CMBHS project are committed to post-implementation support.

The project had an original scheduled completion date of August 31, 2013; however, several scope changes to increase functionality of the system,

including system changes to address legislative changes, contributed to an extended time line for the project. In its monitoring report for the period ended August 31, 2014, DSHS project management reported the estimated project completion date as November 26, 2014.

## Project Costs

Table 6 summarizes budgeted and actual project costs for the CMBHS project.

Table 6

Summary of Project Costs for the CMBHS Project As of October 31, 2014, as Reported to Auditors			
Budget Category	Original Budget <sup>a</sup>	Project Costs <sup>b</sup>	Project Costs Under/(Over) Original Budget
Agency Personnel Costs <sup>c</sup>	\$ 0	\$ 501,806	\$ (501,806)
Contract/Consultant Service	3,223,000	4,241,447	(1,018,447)
Other Costs	152,000	0	152,000
Contingency Costs	168,750	0	168,750
<b>Total Project Costs</b>	<b>\$3,543,750</b>	<b>\$4,743,253</b>	<b>\$(1,199,503)</b>
<sup>a</sup> The original budget amount is from DSHS's <i>Business Case Workbook</i> submitted in March 2011. <sup>b</sup> The project costs listed are the actual expenditures for project implementation, as reported to auditors, as of October 31, 2014, and do not include ongoing system maintenance costs. <sup>c</sup> DSHS did not include agency personnel costs in its original project budget.			

Sources: The QAT and information that DSHS provided.

As of October 31, 2014, CMBHS project expenditures exceeded the original project budget by \$1,199,503. DSHS project management attributed the cost overruns to changes in project scope and its omission of DSHS personnel costs from the original project budget. The CMBHS project was primarily federally funded through the Centers for Medicare and Medicaid Services and federal grants.

## Project Benefits

The CMBHS project provides a unified, online platform for mental health and substance abuse services and the ability for providers to continue to batch data to the CMBHS system. Prior to the CMBHS project, mental health services and substance abuse services records were maintained on separate systems. According to DSHS, consolidating the mental health and substance abuse services records into one system improves the quality of client records among providers, provides the ability to exchange mental health and substance abuse information between providers for the same client to potentially lead to better

treatments of patients, and provides the ability to have a complete clinical review of mental health and substance abuse data.

Additionally, the CMBHS project automated DSHS's processing of youth empowerment services waivers. DSHS anticipates that automating the youth empowerment services waivers in the CMBHS system will reduce DSHS staff costs for the program.

The CMBHS project also added new functionality related to the Medicaid Management Information System. That functionality allows for immediate verification of a client's Medicaid eligibility status for substance abuse and mental health services, which assists in the Medicaid claims process and helps ensure that federal funds are maximized and claims are routed to the appropriate payers.

### **Project Demonstration**

A demonstration of the CMBHS system indicated that it appears to be functioning as intended. The demonstration provided an overview of the functionality the CMBHS Project achieved, including integrating mental health services, processing youth empowerment services waivers, and providing a Medicaid Management Information System interface into CMBHS.

### **Additional Information**

The CMBHS project began before DSHS received QAT approval for the project. DSHS asserted that was an oversight and that it has since implemented a project management office to help ensure that it meets QAT requirements.

## The Texas Department of Transportation's Enterprise Business Intelligence System Project

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### Project History/Overview

#### Project Summary

Original:

- End date: March 31, 2015
- Budget: \$5,010,885

Current:

- End date: February 28, 2014
- Project Costs: \$2,688,161

Status: Closed.

The purpose of the Enterprise Business Intelligence System (EBIS) project was to allow the Texas Department of Transportation (TxDOT) to have a user-friendly, Web-based business intelligence reporting system. The first two phases of the EBIS project involved the integration of data to help with the production of TxDOT's bond evaluation expenditure reports and Project Health Management Information System reports.

Prior to the EBIS project, TxDOT did not have an integrated enterprise business intelligence reporting system. TxDOT had to pull data and reports from multiple aging systems, which was time consuming. The EBIS project was intended to enable TxDOT to produce the types of business intelligence reports that would improve its ability to track, project, and report on TxDOT information.

Phase I of the EBIS project involved the selection and implementation of a Web-enabled business intelligence reporting system and data warehouse solution. In addition, during Phase I of the project, TxDOT used the selected business intelligence reporting system to integrate its financial data into the new data warehouse and then build bond evaluation expenditure report templates.

Phase II of the EBIS project integrated TxDOT's Project Health Management Information System data into the business intelligence data warehouse and allowed users to produce several versions of predesigned reports for TxDOT's enterprise project management office.

TxDOT canceled Phases III and IV of the EBIS project and closed the project ahead of schedule on February 28, 2014. Phase III of the EBIS project was intended to create a TxDOT enterprise data management program, a data store, and a business intelligence data warehouse. Phase IV was intended to integrate priority data marts across multiple TxDOT systems. However, according to TxDOT, a strategic review helped it determine that Phases III and IV no longer supported TxDOT's information technology strategic roadmap.

### Project Status

The QAT approved the EBIS Project in June 2012. The systems related to the EBIS project are in full production. The project was originally scheduled to be completed by March 31, 2015. However, as discussed above, TxDOT

canceled two of the four scheduled phases of the project and closed the project on February 28, 2014.

### Project Costs

Table 7 summarizes budgeted and actual project costs for the EBIS project.

Table 7

Summary of Project Costs for the EBIS Project As of October 31, 2014, as Reported to Auditors			
Budget Category	Original Budget <sup>a</sup>	Project Costs <sup>b</sup>	Project Costs Under/(Over) Original Budget
Agency Personnel Costs <sup>c</sup>	\$ 550,885	\$ 318,733	\$ 232,152
Contract/Consultant Service	4,460,000	2,369,428	2,090,572
<b>Total Project Costs</b>	<b>\$5,010,885</b>	<b>\$2,688,161</b>	<b>\$2,322,724</b>
<sup>a</sup> The original budget amount is from TxDOT's <i>Business Case Workbook</i> submitted in May 2012. <sup>b</sup> TxDOT asserted that it canceled Phases III and IV of the project and closed the project early because those phases no longer supported TxDOT's information technology strategic roadmap. The project costs listed are the actual expenditures for project implementation, as reported to auditors, as of October 31, 2014, and do not include ongoing system maintenance costs. <sup>c</sup> Total TxDOT personnel costs are estimated. TxDOT stated that underlying sources for TxDOT personnel costs could not be located because key staff who prepared the monitoring reports for the EBIS project were no longer TxDOT employees.			

Sources: The QAT and information that TxDOT provided.

The EBIS project was completed under budget and was closed early before the completion of the full project scope. Final project costs for Phases I and II of the EBIS project were \$2,688,161, which TxDOT reported was in line with its expectations for those phases.

Auditors estimated the total TxDOT personnel costs for the EBIS project based on the project's monitoring reports because TxDOT was unable to provide source data for those costs. TxDOT stated that underlying sources for the TxDOT personnel costs could not be located because key staff who prepared the monitoring reports for the EBIS project were no longer TxDOT employees.

### Project Benefits

TxDOT reported that, as a result of the EBIS project, it has a user-friendly, Web-based business intelligence reporting system that aligns with business user needs and provides users with an interactive dashboard and predesigned reports. TxDOT asserted that those capabilities have significantly improved

the efficiency of business functions and processes, which has led to more timely preparation of requested information and reports.

TxDOT is in the process of replacing several of its legacy information technology systems. TxDOT reported that it anticipates it will use the capabilities of the business intelligence reporting tool obtained during the EBIS project in its new information technology systems.

### **Project Demonstration**

Auditors observed a demonstration of completed Phases I and II of the EBIS project. TxDOT reported that it obtained the desired functionality from the completed phases of the EBIS project and the work performed aligned with business needs. Specifically:

- Phase I of the EBIS project appeared to be functioning as intended. Auditors observed the creation of a bond evaluation expenditure report with predefined fields using data from TxDOT's Financial Information Management System.
- Phase II of the EBIS project integrated TxDOT's Project Health Management Information System data into the business intelligence data warehouse to allow users to produce reports for TxDOT's enterprise project management office. During the demonstration of Phase II of the EBIS project, auditors identified limitations with the reported data because the underlying source data did not appear to be accurate. The limitations identified were attributable to data entry errors and not to the business intelligence reporting tool.

### **Additional Information**

Following an organizational restructuring, TxDOT outsourced the majority of its information technology operations. The project experienced turnover in key staff positions that hindered the reporting to the QAT. For example, because the staff who prepared the monitoring reports were no longer TxDOT employees, TxDOT was unable to provide support for personnel costs associated with the EBIS project. Additionally, TxDOT did not submit the *Post-implementation Review of Business Outcomes* for the EBIS project to the QAT in a timely manner. As of October 31, 2014, TxDOT had not submitted that report.

## The Texas Department of Transportation's TxTAG Customer Service Center Back Office System Project

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### Project History/Overview

#### Project Summary

Original:

- End date: June 25, 2012
- Budget: \$8,658,988

Current:

- End date: September 5, 2014
- Project Costs: \$8,871,421<sup>a</sup>

Status: 99 percent complete.

<sup>a</sup> The total project costs as of October 31, 2014, are estimates based on paid expenditures and contractual commitments.

#### TxTAG

TxDOT's Toll Operations Division oversees the development of toll collection operating system services for TxDOT toll roads. That includes TxTAG development and Web support, toll collection systems integration, cash collections, customer service center operations, and toll management systems contracting.

The TxTAG Customer Service Center is responsible for processing all transactions for TxDOT-operated toll roads using the radio frequency identification tag referred to as TxTAG.

There are two other interoperable electronic toll collection systems in Texas. The North Texas Tollway Authority is responsible for processing all transactions for its operated toll roads using the identification tag referred to as TollTag. The Harris County Toll Road Authority is responsible for processing all transactions for its operated toll roads using the identification tag referred to as EZ TAG.

Source: Information that TxDOT provided.

The purpose of the TxTAG Customer Service Center Back Office System (TxTAG) project was to consolidate all TxTAG back office service vendors into one vendor service contract, while providing a new system to handle current and future toll tag service center needs (see text box for more information about TxTAG).

In its *Business Case* for the TxTAG project, the Texas Department of Transportation (TxDOT) stated that the previous toll processing system was an incomplete enterprise solution that had been pieced together to support toll operations. TxTAG project management sought an off-the-shelf, customizable system for the TxTAG project that would be easily adaptable and scalable to accommodate current and future toll operations. Additionally, an objective of the TxTAG project was to consolidate the nine TxTAG support vendors into one vendor services contract in which the vendor would provide all back office operation services for TxTAG, including toll processing, customer payments, toll transaction image review, staffing of the TxTAG store front and customer service center, and customer fulfillment.

The QAT approved the TxTAG project in July 2010. In 2011, TxDOT awarded the contract for the project to FSTech; however, TxDOT canceled that contract in July 2012 due to a lack of progress and dissatisfaction with the vendor. TxDOT then awarded a contract to Xerox State and Local Services in July 2013, with a new estimated completion date of March 31, 2014.

The TxTAG project was further delayed due to data migration issues and a change in the State's credit card processing vendor. The TxTAG system went live on July 9, 2014; however some aspects of the system were not operational at that time. In its monitoring report to the QAT for the period ended September 17, 2014, TxDOT project management reported that the system was in full production.

### Project Status

TxDOT has implemented the TxTAG project and reported that the related system is in full production. The TxTAG project had an original scheduled completion date of June 25, 2012. The TxTAG system went live on July 9, 2014; however, not all aspects of the system were operational at that time.

The generation of customer billing statements was interrupted when the TxTAG system went live in July 2014. In its monitoring report for the period ended September 17, 2014, TxTAG project management reported that customer account validation was complete, which would allow the TxTAG vendor to begin generating customer billing statements.

Additionally, the transition to the new system led to a backlog for toll transaction image review. According to the monitoring report for the period ending September 17, 2014, the vendor had established a plan to resolve the backlog, and customer service representatives were reviewing photo transactions that had accumulated since the July 2014 transition to apply specific toll transactions to customer accounts.

Although the TxTAG system is in full production, as of October 31, 2014, the TxTAG vendor had not submitted all required project milestone documentation or all project invoices (see project cost information below).

### Project Costs

Table 8 summarizes budgeted and actual project costs for the TxTAG project.

Table 8

Summary of Project Costs for the TxTAG Project As of October 31, 2014, as Reported to Auditors			
Budget Category	Original Budget <sup>a</sup>	Project Costs <sup>b</sup>	Project Costs Under/(Over) Original Budget
Agency Personnel Costs	\$ 1,200,095	\$ 225,623	\$ 974,472
Contract/Consultant Service <sup>c</sup>	7,046,560	8,645,798	(1,599,238)
Contingency	412,333	0	412,333
<b>Total Project Costs</b>	<b>\$8,658,988</b>	<b>\$8,871,421</b>	<b>\$(212,433)</b>
<sup>a</sup> The original budget amount is from TxDOT's <i>Business Case Workbook</i> submitted in June 2010. <sup>b</sup> The total project costs as of October 31, 2014, are estimates based on paid expenditures and contractual commitments. While the vendor had delivered services required for the remaining project milestones and the system is live, the vendor had not submitted invoices for those milestones as of October 31, 2014. TxDOT estimated the total costs for the TxTAG project would be approximately \$8.9 million; however, the vendor is subject to penalties because it did not submit project milestone documentation in a timely manner. The final project costs cannot be determined until the vendor submits all invoices and required project documentation. In its monitoring report for the period ended September 17, 2014, TxDOT reported \$3,619,381 in paid expenditures to date. <sup>c</sup> Contract/Consultant Services also include hardware, software, and other costs.			

Sources: The QAT and information that TxDOT provided.



TxDOT project management estimated total expenditures for the TxTAG project to be approximately \$8.9 million, exceeding the original budget by \$212,433. Although the TxTAG system was in full production, in its monitoring report for the period ended September 17, 2014, TxDOT reported only \$3.6 million in project expenditures because of vendor delays in submitting invoices and project milestone documentation. TxDOT's contract with the vendor included clauses that would lower total amounts due if there were delays in the vendor's milestone completion and/or document submission. Therefore, final project expenditures cannot be determined until the vendor submits all invoices and required project documentation.

### **Project Benefits**

Through the TxTAG project, TxDOT consolidated nine TxTAG support service vendors into one vendor service contract for back office operations. The TxTAG vendor provides all the back office operation services, including toll processing, customer payments, toll transaction image review, staffing of the TxTAG store front and customer service center, and customer fulfillment.

TxTAG project management reported that the main functionality achieved through the TxTAG project was providing more self-service options for the customer. That was accomplished through the TxTAG Web site, mobile Web site, and through the expanded interactive voice response system functionality offered to customers when calling the customer service center. Additional functionality of the new TxTAG system also enabled the consolidation of multiple accounts for a customer into a single customer account, which allows customers to better manage their TxTAG transactions.

The updated TxTAG Web site resulting from the project allows for more self-service functionality for TxTAG customers. TxTAG project management asserted that the expanded interactive voice response system has decreased wait time for callers to the customer service center. TxTAG project management also reported that the TxTAG system had increased reporting functionality, decreased manual processes for customer service functions, allowed for interoperability with other agencies, and will allow TxDOT to more efficiently add new toll roads to the TxTAG system.

### **Project Demonstration**

A demonstration of the TxTAG project indicated that the related system appears to be functioning as intended. During the project demonstration, auditors observed the functionality of the TxTAG Web site and mobile Web site. Auditors toured the TxTAG store front and back office operations, including the customer fulfillment area that the TxTAG vendor operates. Auditors also received a demonstration of the expanded interactive voice response system for the TxTAG customer service center. The TxTAG vendor operates the TxTAG customer service center.

## **Additional Information**

TxDOT closed the legacy toll processing system on July 3, 2014, and the new TxTAG system went live on July 9, 2014. According to TxTAG project management, the systems were not operational between those dates so that data could be migrated from the legacy system to the new TxTAG system.

The TxTAG project included eight project milestones. As of October 31, 2014, the vendor had invoiced for only four of those milestones and TxDOT had paid those four invoices. In November 2014, TxTAG project management reported that the TxTAG vendor had provided the required documentation for two additional milestones, but it had not yet submitted invoices for those milestones. Payments for all four outstanding milestones are subject to damages due to the vendor's late submission of required documentation.

## The Texas Workforce Commission's Improve Tele-Center Call Handling Project

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### Project History/Overview

#### Project Summary

Original:

- End date: December 31, 2013
- Budget: \$6,307,521

Current:

- End date: August 31, 2014
- Project Costs: \$1,092,340

Status: 100 percent complete.

The Texas Workforce Commission's (TWC) unemployment benefits program provides temporary, partial income replacement to individuals who lose their jobs through no fault of their own. TWC operates five tele-centers across the state that support mission-critical functions, including accepting claims and providing claimants with the status of their Unemployment Insurance program benefits and information about their benefit payments.

The purpose of the Improve Tele-Center Call Handling project (Tele-Center project) was to improve customer service and reduce costs by providing a streamlined phone system. That system includes an enhanced interactive voice response system to provide claimants the most requested information and services. The Tele-Center project grew out of a strategic review of information technology services in the Unemployment Insurance program at TWC that a consulting firm conducted in 2009. According to Tele-Center project management, Texas had a large number of individuals seeking unemployment benefits in 2009. The increased demand for unemployment benefit services placed great stress on the capacity of TWC's Unemployment Insurance program's infrastructure.

#### Tele-Center Technology

**Interactive voice response** is a technology that allows a computer to interact with claimants through the use of voice and dual-tone, multi-frequency tones entered through a keypad.

**Automatic call distributor** is a device or system that distributes incoming calls to a specific group of terminals that agents use.

Source: TWC Tele-Center Call Handling Business Case Workbook, Version 1.0.

Prior to the Tele-Center project, TWC used two separate systems to provide information to Unemployment Insurance claimants: an interactive voice response system and an automatic call distributor system (see text box). The interactive voice response system provided only automated information and self-service transactions, while the automatic call distributor system was used only to connect a claimant with a customer service representative for service. The separate systems did not allow claimants to use automated functions before connecting to a customer service representative, and the previous interactive voice response system had a difficult-to-navigate user interface for customers.

In addition to the consolidation of the phone system with an enhanced interactive voice response system and an upgraded automatic call distributor system, the Tele-Center project scope originally included an upgrade of call recording capability and a maintenance upgrade of the call management system. TWC procured those project components through Department of Information Resources contracts.

During planning of the Tele-Center project, TWC changed the project approach for the enhanced interactive voice response system. TWC's

consultant initially recommended the purchase of interactive voice response hardware for the Tele-Center project. However, TWC project management concluded that, based on additional research and a revised cost-benefit analysis, instead of purchasing interactive voice response hardware, a hosted interactive voice response model would be more cost-effective and flexible to help TWC respond to changes in claimant demand. In its quarterly monitoring report for the period ended May 31, 2012, TWC reported that its project review board approved that change in project approach.

Additionally, TWC canceled one of the project's components—adding Web services capability to the tele-center's legacy interactive voice response system—due to a disagreement over contract terms and conditions with the vendor. TWC project management asserted that it removed that component from the Tele-Center project scope because TWC achieved much of the intended functionality of that project component through the hosted interactive voice response model. TWC's project review board approved that change to the Tele-Center project in November 2013.

### **Project Status**

The systems related to the Tele-Center project are in full production. The QAT approved the Tele-Center project on October 11, 2011. The Tele-Center project was originally scheduled to begin in September 2011 and be completed in December 2013. According to the project monitoring reports that TWC submitted to the QAT, the project's actual start date was March 1, 2012, and the project was completed on August 31, 2014. TWC asserted that it plans to submit the *Post-implementation Review of Business Outcomes* for the Tele-Center project in February 2015. Tele-Center project management asserted that there were no issues with vendor performance.

## Project Costs

Table 9 summarizes budgeted and actual project costs for the Tele-Center project.

Table 9

Summary of Project Costs for the Tele-Center Project				
As of October 31, 2014, as Reported to Auditors				
Budget Category	Original Budget <sup>a</sup>	Revised Budget <sup>b</sup>	Project Costs <sup>c</sup>	Project Costs Under/(Over) Original Budget
Agency Personnel Costs	\$ 659,359	\$ 657,200	\$ 149,913	\$ 509,446
Contract/Consultant Service	386,780	500,000	238,829	147,951
Hardware <sup>d</sup>	4,343,693	670,000	349,729	3,993,964
Software	617,331	1,263,000	353,869	263,462
Contingency	300,358	0	0	300,358
<b>Total Project Costs</b>	<b>\$6,307,521</b>	<b>\$3,090,200</b>	<b>\$1,092,340</b>	<b>\$5,215,181</b>
<sup>a</sup> The original budget amount is from TWC's <i>Business Case Workbook</i> dated August 30, 2010. <sup>b</sup> The revised budget amount is from TWC's <i>Business Case Workbook</i> dated July 6, 2012. <sup>c</sup> The project costs listed are the actual expenditures for project implementation, as reported to auditors, as of October 31, 2014, and do not include ongoing system maintenance costs. <sup>d</sup> The Tele-Center project's initial budget included \$4,020,956 for automatic call distributor and interactive voice response hardware in the first year of the project. The change in project approach from purchased interactive voice response hardware to a hosted interactive voice response model significantly reduced hardware costs for the Tele-Center project.				

Sources: The QAT and information that TWC provided.

The Tele-Center project's original budget was based on TWC's consultant market research conducted as part of a strategic planning project. The revised budget is based on TWC using a hosted interactive voice response model instead of purchasing its own hardware for the interactive voice response system. Under the hosted interactive voice response model, TWC pays for the service on a per-minute basis instead of paying a fixed rate. TWC asserted that pricing structure allows it to avoid unused capacity costs for the system. TWC reported that the Tele-Center project realized additional cost savings of \$1,340,402 through contracts that were negotiated under budget and \$129,714 through the elimination of the Web services project component discussed above.

The Tele-Center project was 100 percent federally funded through the State's annual Unemployment Insurance grant from the U.S. Department of Labor.

## **Project Benefits**

According to TWC management, the Tele-Center project enhanced self-service options for claimants, who can access those options on a near constant basis. For example, a claimant can re-set a personal identification number (PIN) without speaking to a customer service representative. Claimants also can more quickly access information provided through the enhanced interactive voice response system, which allows TWC to provide those services at a lower cost. TWC anticipates that, with the interactive voice response system serving more claimants, it will need fewer customer service representatives to respond to remaining queries. According to TWC project management, it costs roughly \$0.12 to \$0.15 to service a claimant through the interactive voice response system and \$2.20<sup>1</sup> to have a customer service representative handle a call.

With the upgraded phone infrastructure and capacity achieved through the Tele-Center project, Tele-Center project management explained that TWC has achieved a greater degree of business continuity. The new phone system has redundancy and a complete back-up built into it. If services at a tele-center are interrupted at the primary and back-up locations, the phone system can continue to operate, though with more limited capability.

The consolidation of the phone system has also allowed TWC tele-centers to expand their operating hours. Because the new system is statewide, incoming calls received after 5:00 p.m. Central Standard Time are routed to the El Paso tele-center (which operates on Mountain Standard Time) for an additional hour. According to Tele-Center project management, that increased service availability was achieved with no increase in staffing.

## **Project Demonstration**

A demonstration provided an overview of the various systems related to the Tele-Center project. All systems appeared to be functional and working as intended. The desired functionality of the overall project appeared to be achieved. Auditors did not observe any system deficiencies during the demonstration. The demonstration also included observation of a number of scenarios of commonly requested information and services the tele-centers receive from claimants.

## **Additional Information**

TWC reported that the Tele-Center project benefited from the use of TWC's project management office, TWC's being alert to improvements in technology, and TWC's being flexible to revising its planned approach to adopt a more cost-effective, viable solution.

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<sup>1</sup> That does not include fringe benefit costs or overhead costs.

The Tele-Center project experienced interim project delays as a result of procurement-related issues. As a result of a lesson learned from the Tele-Center project, TWC reported that it revised its procurement process to include a review and verification of the procurement vehicle early in the process by all relevant parties. TWC also reported that, as a result of the Tele-Center project, it revised its procurement process to monitor any impending Department of Information Resources' contract end dates with vendor finalists.

## The Water Development Board's Texas Water Information System Expansion Phase 3 Project

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### Project History/Overview

#### Project Summary

##### Original:

- End date: March 31, 2013
- Budget: \$1,773,892

##### Current:

- End date: October 1, 2014
- Project Costs: \$2,115,101

Status: 97 percent complete.

The Texas Water Information System Expansion Phase 3 (TxWISE) project consisted of integrating and enhancing the Water Development Board's (WDB) legacy financial system into TxWISE and transforming the system from a client/server architecture to a Web-based system. Two of the five modules planned for the project—changing the Inspection and Field Support System and the Contract Administration System—will not be implemented.

The WDB began developing the TxWISE system in March 2008 as part of a three-phase approach to implement an integrated loan and grant tracking system. The previous two phases involved creating an integrated WDB database; providing TxWISE read-only access to the WDB's legacy financial system; and integrating the Facility Needs Information System, Project Mail Log, Inspection and Field Support System, and Contract Administration System into TxWISE.

Prior to the TxWISE Project, users depended on two separate systems for data: the legacy financial system for financial data and the TxWISE system for project data. The WDB had to regularly reconcile the data between the two systems to identify differences in project financials and the amounts in the legacy financial system. In its *Business Case* for the project, the WDB reported that the TxWISE project would:

- Allow the WDB to retire an unsupported legacy financial system.
- Provide significant performance improvements by transforming the TxWISE system to a Web-based architecture.
- Reduce maintenance and compatibility issues by eliminating the user dependency on Microsoft Access.
- Eliminate data redundancy and data synchronization issues by integrating financial and project data into one system.

### Project Status

The TxWISE project went live on August 1, 2014. The WDB planned for the legacy financial system to become read-only beginning September 1, 2014, but that date was extended because of difficulties associated with remediating historical data in the legacy financial system. In its monitoring report to the QAT for the period ended August 31, 2014, TxWISE project management estimated the project completion date would be October 1, 2014; however, the



WDB reported to auditors that it extended the completion date to December 1, 2014.

The TxWISE project was originally planned to be completed by March 31, 2013; however, TxWISE project management reported that an initial month delay, scope changes to accommodate additional financial system functional requirements, and a lengthened time frame for data remediation contributed to the extended time line for the project. In addition, a variety of internal and external WDB factors, including turnover in key positions, caused numerous milestone delays.

Two of the five modules planned for the project—changing the Inspection and Field Support System and the Contract Administration System—will not be implemented. TxWISE project management reported that those two modules were removed from the project scope because of organizational changes that affected the project’s schedule and lack of available funding due to project cost overruns.

### Project Costs

Table 10 summarizes budgeted and actual project costs for the TxWISE project.

Table 10

Summary of Project Costs for the TxWISE Project As of October 31, 2014, as Reported to Auditors			
Budget Category	Original Budget <sup>a</sup>	Project Costs <sup>b</sup>	Project Costs Under/(Over) Original Budget
Agency Personnel Costs	\$ 305,732	\$ 391,726	\$ (85,994)
Contract/Consultant Service	1,400,000	1,723,375	(323,375)
Contingency Costs	68,160	0	68,160
<b>Total Project Costs</b>	<b>\$1,773,892</b>	<b>\$2,115,101</b>	<b>\$(341,209)</b>
<sup>a</sup> The original budget amount is from WDB’s <i>Business Case Workbook</i> dated January 2010. <sup>b</sup> The project costs listed are the actual expenditures for project implementation, as reported to auditors, as of October 31, 2014, and do not include ongoing system maintenance costs. The WDB asserted that the total project costs it reported in its monitoring reports did not include fringe benefits associated with WDB personnel costs or costs associated with additional reporting functionality. In its monitoring report for the period ended August 31, 2014, the WDB reported total project costs of \$1,883,613.			

Sources: The QAT and information that WDB provided.

The original estimated project cost was approximately \$1.8 million; however, as of October 31, 2014, WDB estimated the total final project costs would be approximately \$2.2 million, slightly more than the project costs listed in Table 10. According to TxWISE project management, the increases in both contractor and WDB personnel costs were due to the expanded project scope and increased data remediation. In addition, the WDB did not include fringe benefits associated with WDB personnel costs and costs related to the increase in reporting functionality in the project costs it reported to the QAT.

TxWISE project management reported that contractor costs for the TxWISE project were primarily federally funded by the U.S. Environmental Protection Agency.

### **Project Benefits**

TxWISE project management asserted that the TxWISE project integrated project and financial data, creating a comprehensive information system for the WDB to manage loans, grants, and debt. TxWISE project management asserted that the TxWISE system will provide users, particularly those in outlying inspection and field support offices, with a more responsive system and reduce maintenance and support costs associated with current client/server technology. Additionally, the TxWISE project improved user access to financial and budgetary information and eliminated dual entry of financial data into the legacy financial system and TxWISE. TxWISE project management reported that the TxWISE project aligned with current WDB technologies and can be maintained and enhanced to accommodate federal and state regulatory changes.

### **Project Demonstration**

A demonstration of the TxWISE system indicated that it appeared to be functioning as intended. The demonstration provided an overview of the functionality the TxWISE Project achieved, including demonstrations of the loan application-to-award process, the creation of amortization tables for select loans, and the TxWISE system's ability to import data from a selected data source in an Excel format.

### **Additional Information**

WDB expanded the original scope of the TxWISE Project to include an updated system interface and to accommodate additional financial system requirements. The interface was updated to maintain archival functionality, while the additional financial system requirements were designed to include further functional detail, automation for debt and portfolio management, and other financial monitoring functionality.

WDB experienced significant turnover in management and key TxWISE project staff that delayed completion of the project.

# Appendix

## Objective, Scope, and Methodology

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### Objective

The objective of this project was to, in coordination with the Legislative Budget Board and the Department of Information Resources, review information technology projects and provide technical analysis of project risks to the Quality Assurance Team (QAT).

### Scope

The project scope covered eight major information resources development projects at seven state agencies. The State Auditor's Office analyzed those eight projects at the request of the QAT, which selected those projects because (1) the agencies had reported the projects were complete or nearing completion or (2) the QAT identified the projects as high-risk.

### Methodology

From September 2014 through November 2014, auditors and QAT members reviewed the QAT documentation available for the eight selected major information resources development projects. That documentation included *Business Cases*, *Business Case Workbooks*, *Statewide Impact Analyses*, project plans, *Post-implementation Reviews of Business Outcomes* (if available), and monitoring reports. Auditors also conducted interviews with key personnel involved in the projects and observed demonstrations of systems.

The agencies self-reported the development information presented in this report to auditors and the QAT. The State Auditor's Office did not independently verify the accuracy of the information that the agencies reported or perform any data reliability work.

Criteria used included the following:

- Texas Government Code, Chapter 2054.
- Title 1, Texas Administrative Code, Chapter 216.
- The Department of Information Resources' *Texas Project Delivery Framework*.
- General Appropriations Acts (82nd and 83rd Legislatures).

## **Project Information**

Fieldwork was conducted from September 2014 through November 2014. This project was a non-audit service; therefore, the information in this report was not subjected to all the tests and confirmation that would be performed in an audit. However, the information in this report was subject to certain quality control procedures to help ensure accuracy.

The following members of the State Auditor's staff conducted this project:

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The Honorable Joe Straus III, Speaker of the House, Joint Chair  
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