

# STATE AUDITOR DOUG HOFFER

## Press Release

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### **Auditor Doug Hoffer Releases Audit of the Agency of Digital Service's IT Project Management**

*Relatively new agency should work to improve project cost estimates, timeliness and reporting, and help client state entities develop meaningful performance measures*

MONTPELIER, VT – State Auditor Doug Hoffer released a new audit today examining the Agency of Digital Services' performance managing large State IT projects. The audit reviewed six IT projects with combined estimated costs exceeding \$16 million and found that despite comprehensive project management systems the projects generally cost more and/or took longer to complete than anticipated.

“State IT projects can often seem like mysteries to Vermonters and policymakers,” Hoffer said. “Should a project cost \$1 million, or \$2 million, or less, or more? What might go wrong? Unlike, say, paving projects, which are comparatively straightforward to understand, IT projects require a level of technical knowledge most people don't have. Since the Agency of Digital Services is relatively new, and the State is spending hundreds of millions in this area, I wanted to assess how well they're doing getting projects completed successfully and at the lowest price.”

The projects reviewed were: (1) Secretary of State Business Portal and Filing project, (2) Cannabis Control Board Application project, (3) Department of Liquor and Lottery Licensing and Enforcement project, (4) Department for Children and Families Child Development Division Integrated Information System, (5) Department of Vermont Health Access Interoperability and Patient Access project, and (6) DVHA Medicaid for the Aged, Blind, and Disabled Self-Service Application project.

Key findings included:

- Five of the six selected IT projects had significant cost increases and/or schedule delays caused by a variety of reasons.
- Two of the selected projects have been deployed and three have been partially deployed although only one project was on-time.
- The sixth project—the Secretary of State Business Portal and Filing project—has failed to produce a usable system. This project was supposed to be completed in December 2020 at a cost of \$2.17 million. As of December 31, 2022, the State had spent \$2.42 million on the project, including paying a contractor \$2 million, yet no part of the project has been deployed. In early 2023, the State decided to split the project into two and hire

new contractors to complete the work. In March 2023, ADS estimated that one of the new projects would cost an additional \$2.73 million and would be completed in June 2024. However, the estimated costs and completion dates of the second project are still unknown.

The audit also recommended developing better performance measures in collaboration with client agencies. Five of the six selected projects had measures that did not include a baseline, quantify expected results, or did not appear relevant to the implementation of the new system. For example, an approved measure for the Department of Liquor and Lottery Licensing and Enforcement project was that manual handling of documents would be reduced or eliminated. However, this measure does not specify how much of a reduction was expected with the new system. Thus, even a miniscule reduction in manual document handling could be deemed a success. Without knowing what financial resources would be freed up, it's hard to know whether the \$2.5 million project passes a basic cost-benefit analysis.

Hoffer added: “The point of most IT projects is to improve service delivery, save money, achieve other efficiencies, or some combination of the three. Without sound performance measures, State government is not in a good position to know whether a project is even worth doing, let alone whether it has achieved the State’s objectives.

ADS’s response to our recommendations indicated they would not adopt several of our recommendations because state law does not *require* them to take the actions. While we hope they will adopt all of our recommendations, we also recommended to the Legislature that they explicitly require ADS to do so.

It’s common sense and good government to adopt our IT project management recommendations – it’ll save money and make sure Vermonters receive the highest levels of service.”

To view the report, please click [here](#).