

THE ENFORCEMENT INFORMATION SYSTEM PROJECT

This audit concerns the Enforcement Information System project. The project can be considered broad and significant at least on the scale of the Ministry of Justice, and it also has connections to the development of the rest of the ministry's information system architecture. The audit evaluated the planning and implementation of the project and sought to determine why timetables and costs were exceeded.

The preparation of the new information system started after tendering at the beginning of 2000. It went into operation a year late, on 1 March 2004. The project's cost estimate was 6.33 million euros and the actual cost was 16.05 million euros or 154% over the original estimate. The software subproject had a contract price of 3.66 million euros. Managing change and additional work cost 4.87 million euros or about 155% of the contract price.

The project was divided into several subprojects. The most important of these was the software subproject. The planning and implementation of software was procured from an outside supplier of information system services on the basis of tenders. The other subprojects were conducted in-house, although outside service suppliers were also used in them. The different subprojects formed a whole and were mutually dependent, which required cooperation between the customer and the supplier. The progress of the software subproject had a crucial influence on the progress of the other subprojects.

The audit indicated that the coordination of the Ministry of Justice's own subprojects with the progress of the software subproject and new software ran into problems with regard to timetables and content. In particular transferring existing data to the new system in the transfer subproject was more difficult than expected and resulted in many errors when the new software went into operation.

The project was undertaken with inadequate planning and a tight timetable. The original cost estimate was loose except for the software subproject. The specification of software was inadequate to the extent that software according to the original specification would not have been usable, as a result of which many revisions and additions had to be made. The software also went into operation a year behind schedule.

Project management was not arranged clearly. The project steering group in the composition outlined in the project authorization did not work at all. The project as a whole was directed by the Ministry of Justice's internal steering group and the software subproject by a steering group consisting of personnel representing the customer and the supplier. There was no procedure by which the project situation would have been submitted to a steering body higher than the above-mentioned steering groups if necessary or at predetermined checkpoints. The project did not have a comprehensive management system, as indicated by the lack of a cost monitoring plan, among other things.

Monitoring and reporting on cost development was inadequate in both steering groups. The steering group for the software subproject did not display the exactness required in the contract in the handling of changes and additional work. Instead orders were issued mainly at the heading level. The cost of changes was not monitored. The project was conducted without regard to the cost estimate and contract. Nor were the sanctions in the contract used during the project, although their purpose was to influence the fulfilment of the contract. Even though large changes were made in the content and timetable of the software delivery, the original contract was not revised. During the course of the project the steering groups exercised the decision-making authority belonging to the customer or the Ministry of Justice as the contract party.

Tendering for the software subproject did not comply with the provisions in the Public Procurement Act. Although the invitation to tender can be interpreted as asking for a fixed-price bid, the winning bid was partly based on a target price without a price ceiling. In the opinion of the State Audit Office, the bid should therefore have been re-

jected since it did not correspond to the invitation to tender. Fixed-price bids were also received. It is not possible to compare fixed-price bids and bids based on a target price.

The key problems in the project had to do with producing the ordered information system. The original plan for producing software prepared by the supplier was not realistic in terms of implementation and testing. Consequently the plan had to be revised during the project so that subprojects were reorganized and delivery wholes corresponding to operational wholes were planned better. Content planning to a large extent had to be performed twice for quality reasons and delivery packages had to be rejected because of inadequate testing by the supplier. Problems piled up and were reflected in other subprojects. The large amount of additional work made it difficult to manage the project as a whole.

The new software went into service on 1 March 2004 according to a decision made by the steering group and was incomplete in many respects. The receiving protocol required by the contract was not properly approved by the Ministry of Justice. Decisions regarding sanctions were also made by the steering group and not by the Ministry of Justice, which was the contract partner.

On the basis of correspondence concerning internal control, observed inconsistencies in billing and outright errors, it is the opinion of the State Audit Office that internal control in the project was not on the level required by regulations. This presented a significant risk for the application of funds.

The project management practices followed by the Ministry of Justice in the Enforcement Information System project require urgent development measures, in the opinion of the State Audit Office. The Ministry of Justice has reported that a number of measures have already been taken. The possibility of conducting information system reforms as partial reforms instead of total reforms has also been considered.