

Canadian Problems with Large IT Projects

Editor's note: The information in the article is based on a Canadian government report issued in November 2006. While it is now four months old, full coverage in the international press is still underway, based on the significance of the findings. A link to the report can be found at the end of this article.

The **Canadian federal government** still has serious difficulties managing large information technology (IT) projects, despite the existence of a framework of best practices that dates back to 1998, according to Canadian Auditor General **Sheila Fraser** in her report presented to the House of Commons on 28 November 2006.



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According to the report, in the last three years, the Canadian federal government has approved funding of \$8.7 billion for new business projects with significant use of IT. Individual departments are responsible for their projects but the Treasury Board Secretariat (TBS) plays a central role in ensuring that IT projects fit the government's priorities and follow sound management principles.

The audit found that only two of the seven large IT projects examined—My Account, My Business Account (Canada Revenue Agency), and 2006 Census Online (Statistics Canada)—met all the criteria for well-managed projects. Five of the projects were allowed to proceed with a business case that was incomplete or out-of-date or contained information that could not be supported. The majority of projects examined were undertaken even though departments lacked the appropriate skills and experience to manage the projects or the capacity to use the system to improve the way they deliver their programs.



"The persistence of these long-standing problems is extremely troubling, not only because they involve large public investments but also because of lost opportunities to improve business practices and services to Canadians," said Ms. Fraser.

The Auditor General was unable to determine whether the TBS followed a complete and rigorous process when it reviewed and challenged projects in departments because the government denied her access to most of the information and analysis it collects and prepares, on the grounds that it was Cabinet confidence of a type that could not be disclosed. Since the completion of the audit, the Auditor General's access to this information has been clarified by an order-in-council.

The many large information technology projects now under way across the federal government are no longer only about introducing new computer hardware, software, or systems. They are meant to help departments change the way they do business—for example, by introducing new processes and modernizing work practices.

The AG examined a sample of seven large IT projects from four perspectives:

Governance. Did the processes used by the government to approve and manage large IT projects increase the project's likelihood of success?

Business case. Did the department or agency proposing the project clearly define the business needs it expected the project to meet?

Organizational capacity. Did the department have people with the needed skills and experience to manage a large IT project and did the organization have the ability to use all of a system's capabilities to improve the way it does business?

Project management. Did the department follow accepted best practices in managing the project?

Why it's important

Few departments today can deliver their business without the support of their IT. Governments must deliver successful IT projects if they are to provide their services to the public economically, efficiently, and effectively. Large IT projects are becoming more complex than ever and often involve a growing number of players across government.

In the last three years, the Canadian federal government has approved funding of \$8.7 billion dollars for new business projects with significant use of IT. Despite their importance to departments, large IT projects have had a history of overspending, delays, performance shortfalls, and abandonment after major investments. Understanding why some projects have succeeded while others have failed would better position the government to plan and manage IT projects for success, maximizing the benefits of its investment in information technology by giving departments effective tools for delivering services.

What was found

Only two of the seven projects looked at: the 2006 Census Online and My Account, My Business Account projects met all audit criteria for well-managed projects.

- Overall, the government has made limited progress since the last audit of IT projects in 1997. Although since 1998 the Treasury Board Secretariat has established a framework of best practices for managing IT projects, many of the problems cited in past reports have persisted.
- The quality of governance varied widely from project to project. In four of the seven projects governance responsibilities were not carried out adequately because key issues that impacted project performance were either not reported or not resolved.
- Five of the seven projects looked at were allowed to proceed with a business case that was incomplete, out-of-date or contained information that could not be supported.
- Four of the projects were undertaken by departments that lacked the appropriate skills and experience to manage the projects or the capacity to use the system to improve the way they deliver their programs.
- Depending on the project, the quality of project management ranged from good to seriously flawed. In two cases, poor project management led to long delays and large cost overruns.

The chapter of the AG's report entitled "Large Information Technology Projects" is available on the Office of the Auditor General of Canada Web site:

<http://www.oag-bvg.gc.ca/domino/reports.nsf/html/20061103ce.html>