

The California State Auditor released the following report today:

High Risk Update—California Department of Technology

Lack of Guidance, Potentially Conflicting Roles, and Staffing Issues Continue to Make Oversight of State Information Technology Projects High Risk

BACKGROUND

In a prior report, our office identified the State's oversight of information technology (IT) as a high-risk area of ongoing concern based on the high costs of certain projects and the failure of others. The California Department of Technology (CalTech), under the direction of the State Chief Information Officer, has a host of IT responsibilities for managing the State's IT activities. Among those IT responsibilities, CalTech provides independent project oversight (IPO) for medium- and high-criticality state IT projects. Currently, the State has 45 such IT projects under development with a reported cost of over \$4 billion that are subject to CalTech's oversight. Because of our continued inclusion of IT as a high-risk issue, we performed an audit of CalTech's oversight of state IT projects.

KEY FINDINGS

During our audit of CalTech's oversight of state IT projects, we noted the following:

- CalTech's guidance for using its full range of statutory oversight powers and pursuing corrective actions from sponsoring agencies with troubled IT projects is insufficient.
 - ✓ Its procedures on when to escalate issues to CalTech's management are outdated and not currently in use.
 - ✓ It has no criteria for the conditions that will trigger it to consider suspending or terminating a project.
 - ✓ Although it can require sponsoring agencies to take remedial measures, it does not define these measures.
 - ✓ It does not promptly hold projects accountable for conditions set out in their approved special project reports.
- The independence of CalTech's IPO analysts is challenged by the conflicting roles of overseeing IT projects and being a coach to sponsoring agencies on their IT projects.
- CalTech poorly documents the escalation of project issues and related outcomes and thus, cannot always demonstrate when it takes appropriate actions on chronic project problems outside a formal project suspension or termination.
- High turnover contributes to the loss of project knowledge and perspective, which creates inconsistency in the oversight of state IT projects—during the three years we reviewed, IPO analyst turnover was as high as 81 percent.
- Although CalTech's recent changes to how it staffs the oversight of IT projects provides for a succession plan if an IPO analyst leaves or is reassigned, it creates situations in which an IPO analyst may sometimes need to oversee two high-complexity projects at the same time.
- CalTech allowed significant problems to continue without correction on two of the four IT projects we reviewed. Although it was aware of these problems, it did not intervene to require the agencies to take corrective action until after spending millions of dollars on these two projects, and ultimately it suspended one project and terminated the other.

KEY RECOMMENDATIONS

We made a number of recommendations including that CalTech take the following actions:

- Develop and adopt criteria for when and how to intervene to prevent projects with significant problems from continuing without correction.
- Address its challenges in providing effective oversight by developing policies regarding maintaining the IPO analysts' independence, tracking oversight actions taken, and ensuring accurate reporting from agencies.
- Continue its efforts in addressing its staffing issues, such as using a new job classification for the IPO analyst role, conducting workload assessments, and determining resource needs.

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