

Vehicle Administration Centre's PALKO information system project

The audit examined the Vehicle Administration Centre's PALKO information system project, which is also aimed at reforming services as a whole. The project has consisted of several subprojects that concern the reform of the operational model as well as the production of an information system serving the relevant tasks. The selection of the subject was influenced by information according to which the project had not complied with planned timetables and cost estimates.

The audit sought to determine whether the planning of the project and subprojects has been precise and properly weighted. It also sought to determine whether the project and subprojects have remained under control and what reasons have led to any gaps in control. The main written audit data were the project's preparation, planning and budgeting documents, subproject plans, the records of management, steering and control groups, subprojects' final reports and the guidelines and architecture descriptions produced in the project.

The project started in autumn 1999 and the objective was to complete the entire project by the end of 2003. The part of the project regarding one of the Vehicle Administration Centre's main production processes - vehicle information systems - was completed in November 2007, after several timetable extensions. The part regarding the Vehicle Administration Centre's second main production process - driver information systems - was only in the initial stage at that time. According to current plans, driver information systems and the project as a whole will be completed by the end of 2011.

Cost estimates during the initial stage of the project ranged from 15 million euros to about 27 million euros. The total costs of subprojects and the introduction of information systems in 2000-2008 was about 49 million euros. The project is still under way at the

time of the audit with regard to the second main process, driver information systems.

Planning of the PALKO project began in a situation in which the infrastructure of the Vehicle Administration Centre's information systems was becoming obsolete and new requirements were placed on applications. The Vehicle Administration Centre decided to reform its operational processes at the same time. It was also necessary to develop methods for system work and project work to meet the project's needs. The project plan thus became a very broad framework plan.

The presentation of the project's cost estimates in the state budget has in many respects been incomplete and unclear. Some of the costs that logically fall within the project, such as the transition subproject, have been budgeted outside the project, so the budget does not give a true picture of the total costs of the project.

With regard to vehicle information systems, which were examined more closely, the audit found that the specification of their information content was inadequate in the initial stage of the project, which was reflected later on in the planning and implementation stages. The information content of the existing system and its analysis also received too little attention. The weak overall management and coordination of subprojects led to varied and incompatible information structures as well as extra work.

The audit found that a large number of different management, steering, control and project groups have operated in the project and their activities have overlapped in many respects. Decision-making has often been slow as a result of long procedural chains. The organisation has also been changed several times and numerous personnel changes have also been made in the project.

The technology selected for the project was still under development and did not function adequately for some time. The support and expertise provided by the selected supplier were also inadequate.

The audit found that the failure to comply with cost estimates and timetables was the fault of both the Vehicle Administration Centre and outside IT suppliers. Other reasons for the project's difficulties that were beyond these parties' control were new unanticipated requirements affecting information systems as well as unfavourable development on the IT market during the project.

In the opinion of the National Audit Office, the project undertook too many interdependent subareas in parallel. The Vehicle Administration Centre and suppliers did not have sufficient resources to manage the project properly. The National Audit Office considers that cost overruns and timetable extensions were quite large compared with plans.

Furthermore the National Audit Office considers that decisions to start information system projects should be based on more reliable cost estimates than were prepared for the PALKO project. The transparency of budgeting should also be improved so that the decision-maker receives adequate and true information.

In connection with the development of the state's IT management, procedures should be created for the coordination of operational information system projects in administrative sectors and agencies, the coherent development of procedures and the construction of a common architecture as far as possible. The National Audit Office also considers that a uniform cost estimate model should be created for IT projects along with a risk management model. According to information that has been received, a cost estimate model is in fact being prepared by the Ministry of Finance.