

# Annual Report

OVERVIEW OF MAJOR INFORMATION RESOURCES PROJECTS REPORTED TO THE QUALITY ASSURANCE TEAM

December 2020 to November 2021



## Quality Assurance Team

Comptroller of Public Accounts

Department of Information Resources

Legislative Budget Board

State Auditor's Office (Advisory)

December 1, 2021



## QUALITY ASSURANCE TEAM

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◆ Comptroller of Public Accounts ◆ Department of Information Resources ◆  
◆ Legislative Budget Board ◆ State Auditor's Office (Advisory) ◆

**TO:** Governor Greg Abbott  
Lt. Governor Dan Patrick  
State Senator Joan Huffman  
State Senator Jane Nelson  
State Senator Charles Schwertner  
State Senator Larry Taylor  
Speaker Dade Phelan  
State Representative Greg Bonnen  
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State Representative Morgan Meyer  
State Representative Armando Walle

**FROM:** Glenn Hegar, Texas Comptroller of Public Accounts  
Amanda Crawford, Executive Director, Department of Information Resources  
Jerry McGinty, Director, Legislative Budget Board

**DATE:** December 1, 2021

**SUBJECT:** 2021 Quality Assurance Team Annual Report

The attached report is the Quality Assurance Team Annual Report on monitored major information resources projects at Texas state agencies. Projects are assessed to determine if they are operating on time and within budget and scope. The analysis is provided by the Quality Assurance Team (QAT) pursuant to the Texas Government Code, Section 2054.1183.

The QAT, which includes representatives of the Comptroller of Public Accounts, Department of Information Resources, Legislative Budget Board, and the State Auditor's Office (advisory member), is charged with overseeing and assisting with the development of major information resources projects.

An electronic version of this report is available at <https://qat.dir.texas.gov/pubs.htm>. If you have any questions, please contact Robert Wood of the Comptroller of Public Accounts at (512) 463-3973, Tom Niland of the Department of Information Resources at (512) 463-8826, Richard Corbell of the Legislative Budget Board at (512) 463-1200, or Michael Clayton of the State Auditor's Office at (512) 936-9500.

Attachments

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## OVERVIEW OF MAJOR INFORMATION RESOURCES PROJECTS REPORTED TO THE QUALITY ASSURANCE TEAM

The Quality Assurance Team (QAT) includes representatives from the Comptroller of Public Accounts (CPA), the Texas Department of Information Resources (DIR), the Legislative Budget Board (LBB), and the State Auditor's Office (SAO) (advisory member). QAT oversees the state's major technology project portfolio, which is a single view of all agency major information resources projects. The team monitored 56 projects during the reporting period from December 2020 to November 2021. Of these projects, 17 are expected to exceed their original planned duration by more than 10.0 percent. Twelve projects are expected to exceed their initial budgets by more than 10.0 percent. See Appendix A for additional information.<sup>1</sup>

A major information resources project is statutorily defined in the Texas Government Code, Title 10, Chapter 2054. These projects typically include information technology projects that meet a certain dollar threshold and require a year or longer to reach operational status.

From December 2020 to November 2021, QAT provided process improvement strategies to state entities that manage the projects in the portfolio. These strategies include agency consultations, trainings, and dissemination of best practices.

### FACTS AND FINDINGS

- ◆ From December 2020 to November 2021, the state's major technology project portfolio included 56 projects with an estimated total cost of \$1.16 billion. The number of projects in the portfolio has increased from 49, and their total estimated costs have decreased from \$1.27 billion since the 2020 annual report.
- ◆ One contract was terminated at the Texas Department of Transportation.
- ◆ Of the 56 projects, 35 currently are within 10.0 percent of both original planned duration and planned costs. Only two of the 35 projects within 10.0 percent of both original planned duration and planned costs report using a waterfall methodology, while eleven report using agile methodology, and ten report using a hybrid methodology of both waterfall and agile. The remaining projects have not yet identified a project methodology.
- ◆ Agencies increasingly are implementing agile methodology, which can increase project flexibility, control costs, and reduce risks. Twenty-two of the 56 projects reported using the agile methodology.
- ◆ Projects that have a development schedule of less than 28 months are meeting their initial costs and duration estimates at a higher rate relative to projects with longer durations.
- ◆ As of November 2021, 16 projects were reported to be complete or near completion. Ten of the 16 projects (62.5 percent) were within 10.0 percent of original budget and duration.

### COMMON METHODOLOGIES FOR MAJOR INFORMATION RESOURCES PROJECTS

#### Agile Methodology

The Agile methodology is a way to manage a project by breaking it up into several phases. It involves constant collaboration with stakeholders and continuous improvement at every stage. Once the development begins, various teams' cycle through a process of planning, executing, and evaluating.

#### Waterfall methodology

The Waterfall method is a traditional approach to project management. In it, tasks and phases are completed in a linear, sequential manner, and each stage of the project must be completed before the next begins.

<sup>1</sup> Appendix A includes the initial and current estimated costs and durations for these projects.

- ◆ QAT approved project framework for 17 projects to date for calendar year 2021.
- ◆ From December 2020 to November 2021, QAT reviewed five contracts at a total value of \$252.7 million.

## DISCUSSION

Staff from the CPA, DIR, LBB, and SAO serve in a joint capacity on the QAT. QAT reviews and monitors state agency major information resources projects; identifies potential major information resources projects from agencies' Biennial Operating Plans; monitors the status of major information resources projects; and provides feedback regarding agencies' framework deliverables. Agencies issuing contracts for major information resources projects with an expected value of at least \$10.0 million also must obtain QAT review of the contract before execution.

## BACKGROUND

QAT functions pursuant to the Texas Government Code, Chapter 2054, and the Eighty-seventh Legislature, General Appropriations Act (GAA), 2022–23 Biennium, Article IX, Sections 9.01 and 9.02. QAT reviews and monitors information resources projects. QAT also reviews and provides recommendations regarding certain contracts and contract amendments related to those projects. Since its inception, the team has published annual reports that provide the status of these projects.

Each member agency of the team provides staff with expertise collectively, including system development, budgeting, and contracting.

DIR's Texas Project Delivery Framework is required for use during delivery of major information resources projects as defined in the Texas Government Code, Chapter 2054, Information Resources, and for certain major contracts. DIR's framework includes the following phases:

- initiation;
- planning;
- execution;
- monitoring and control; and
- closing.

LBB staff specify procedures for the submission, review, approval, and disapproval of Biennial Operating Plans and amendments, including procedures for review or reconsideration of the LBB's disapproval of a Biennial Operating Plan or its amendments.

CPA staff review contracts, contract amendments, and related solicitation documents. CPA staff also provide input on project framework deliverables.

SAO recuses itself from making recommendations and participating in additional oversight initiatives related to contracting contained in this report. This separation is necessary to ensure that SAO maintains its independence so that future audits of contracts and amendments overseen by QAT can be conducted in accordance with professional auditing standards.

## MAJOR INFORMATION RESOURCES PROJECTS

Pursuant to the Texas Government Code, Chapter 2054, a major information resources project is:

- any information resources technology project identified in a state agency's Biennial Operating Plan whose development costs exceed \$5.0 million and that:
  - requires one year or longer to reach operations status,
  - involves more than one state agency, or
  - substantially alters the work methods of state agency personnel or the delivery of services to clients;
- any information resources technology project designated by the Legislature in the General Appropriations Act as a major information resources project; and
- any information resources technology project of a state agency designated for additional monitoring pursuant to the Texas Government Code, Section 2261.258(a)(1), if the development costs for the project exceed \$5.0 million.

This definition includes any institutions of higher education or state agencies that receive a rating of Additional Monitoring Warranted in the State Auditor's Office report on Contract Monitoring Assessment at Certain State Agencies.

Part of this work includes QAT requests for additional information from agencies to facilitate more comprehensive project analyses. For example, QAT may request an updated version of a project plan from an agency to better understand a project's revised scope. Additionally, QAT may require an agency to submit third-party reports, including independent verification and validation reports, when the project is reviewed. Such reports can serve as crucial sources of insight to evaluate information technology (IT) project risks.

Finally, QAT may request SAO to perform project reviews. These reviews have provided valuable input to QAT from an independent perspective. SAO did not perform any project reviews during the current reporting period.

### **PROJECT PERFORMANCE OBSERVATIONS**

From December 2020 to November 2021, the state's technology project portfolio included 56 projects totaling \$1.16 billion. Eleven of these projects were approved and scheduled to begin on or after September 1, 2021. The remaining 45 projects are in various development stages or were completed during the past year.

### **OBSERVATIONS AND TRENDS**

QAT observations and trends are based on self-reported information as of November 2021. Information reported for ongoing projects may change as their implementation progresses.

Although QAT provides oversight for major information resources projects, agencies ultimately are responsible for the successful delivery of their projects.

The following trends and statistics apply to 36 projects that were at least 30.0 percent complete as of November 2021. Typically, projects that exceed planned durations also are more likely to exceed their budgets, whereas projects within schedule tend to remain closer to the initial budgets (see Figure 2).

#### **Observation 1: Duration and Budget of Projects**

Projects that have a shorter development schedule were more likely to meet both their estimated current cost and duration projections, as indicated by the following examples:

- 26 of 36 projects (72.2 percent) had an initial duration of 27 months or less; four of these 26 projects (15.4 percent) exceeded both their initial cost and duration estimates by more than 10.0 percent; and
- 10 of 36 projects (27.8 percent) had an initial duration of 28 months or more; three of these 10 projects (30.0 percent) exceeded their initial cost and duration estimates by more than 10.0 percent.

Longer projects that have initial estimated costs of more than \$10.0 million were less likely to be implemented within budget and duration.

#### **Observation 2: Timeframe and Procurement Method**

A sound acquisition plan should outline the procurement strategy for managing the acquisition in accordance with statutory and regulatory requirements and in support of the program's needs. The procurement strategy should be guided by a realistic procurement timeframe that considers the complexity and dynamism of the procurement.

Setting a realistic timeframe can be a challenge, especially considering the unpredictability of contract negotiations. Relevant market research and key input from stakeholders and the vendor community can provide the project team with sufficient information to set reasonable timing expectations and avoid or minimize project schedule overrun. Project schedule overrun is common for large projects. QAT has observed that agencies that have large procurements often are delayed by several months during the acquisition phase.

Agencies should prepare a request for proposal (RFP) consistent with state law and the *State of Texas Procurement and Contract Management Guide*. Typically, an RFP is recommended when factors other than price are to be considered or when objective criteria cannot be defined. Agency procurement staff should assist in determining a reasonable timeline for the solicitation and should consider the agency's evaluation process and executive signoff procedures for major purchases. For contracts that are expected to exceed \$10.0 million in value, agencies are encouraged to notify QAT early in the process to prevent unnecessary delay in the final contract review. When evaluating vendors that bid on contracts, it is important to evaluate

their past performance and current financial status. The final vendor selection should be made using the original approved selection criteria, including end-user feedback.

Data Center Services (DCS) agencies should engage the DIR Shared Technology Services (STS) team for assistance before posting a solicitation. Data Center Services (DCS) agencies should engage the DIR Shared Technology Services (STS) team for assistance before posting a solicitation. The team will aid in developing language to offer a solution option that is hosted in a state data centers, including hosting in the secure public cloud offerings of the DIR's STS program; provide for better long-term network planning; and consult on DCS exemptions from the State Data Center if necessary. DCS agencies that pursue contracts without consulting DIR STS risk having to renegotiate awards and delay the project.

### **Observation 3: Contract Termination – Texas Department of Transportation (TxDOT)**

Beginning in fiscal year 2019 and through fiscal year 2020, the original vendor that was procured in December 2018 omitted communication regarding certain risks associated with planning and development of the TxDOT back-office system (TxBOS) that manages the TxTag Customer Service Systems and Operations Project. The risks included lack of documentation for formal requirements traceability methodology, omissions in project plans for key capabilities such as security, resource turnover/lack of adequate resources, late development deliverables, and an inability to predict that sprint (agile) development would not be completed. TxDOT consulted Gartner technology research and consulting company as the Integrated Verification and Validation (IV&V) vendor to identify risks and provide remediation recommendations to TxDOT for this project.

Beginning in February 2021, TxDOT consulted the advisory services of Accenture toll consultants and added the Information Technology Division, the Project Management Office, and technical resources at TxDOT to the TxBOS project. Executive management added additional resources intended to minimize customer impacts. From the second quarter through the fourth quarter of fiscal year 2021, the original vendor achieved minimal progress toward outstanding deliverables, including critical system security compliance. In addition, significant loss of revenue was incurred due to incomplete and incorrect capabilities within the system. TxDOT determined to terminate the original vendor's contract due to the lack of progress of outstanding capabilities and lack of quality for delivered capabilities. TxDOT established a recovery program to provide ongoing operations and systems, applications, and products for development and remediation services.

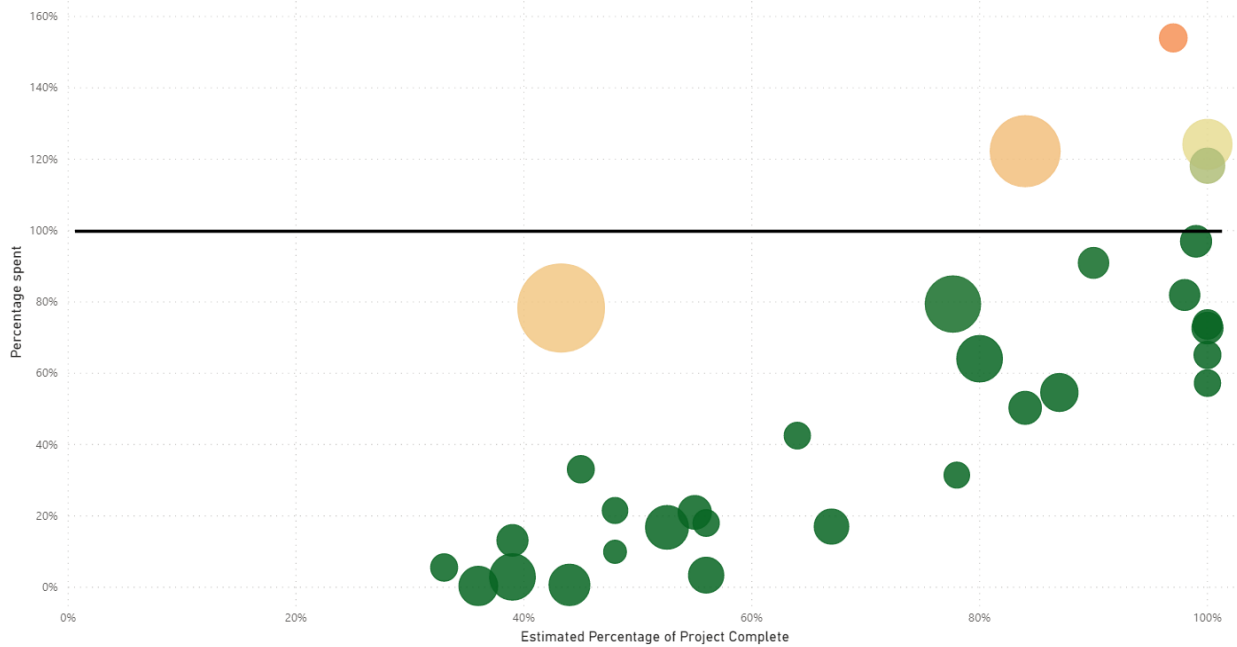
### **QAT-MONITORED PROJECTS' STATUS**

The Texas Government Code, Section 2054.151, states that “[t]he legislature intends that state agency information resources and information resources technologies projects will be successfully completed on time and within budget and that the projects will function and provide benefits in the manner the agency projected in its plans submitted to the department and in its appropriations requests submitted to the legislature.”

Figures 1 and 2 show the status of QAT-monitored projects that were at least 30.0 percent complete as of November 2020 and November 2021, respectively. Each circle on the two graphs represents a project. Projects that are less than 30.0 percent complete are not included in this analysis because these projects may be in the planning or procurement phases.

Figure 1 shows the 31 projects that were reported as at least 30.0 percent complete as of November 2020.

**FIGURE 1  
 PERCENTAGE OF PROJECT COMPLETE VS. PERCENTAGE OF BUDGET SPENT ON QUALITY ASSURANCE TEAM-  
 MONITORED PROJECTS, NOVEMBER 2020**



**NOTES:**

- (1) Each circle on the graph represents a project that was at least 30.0 percent complete (31 of 49 projects). It is assumed that a project within 10.0 percent of its budget or schedule is considered successful; results greater than 10.0 percent will change the dots' color. See Appendix A for further information on each project.
  - (2) The size of each circle represents the current estimated project budget, and the largest circles represent projects with the largest budgets.
  - (3) Due to rounding of expenditures to date, the circles may appear to have zero percentage spent.
- SOURCES: Agency self-reported monitoring reports.



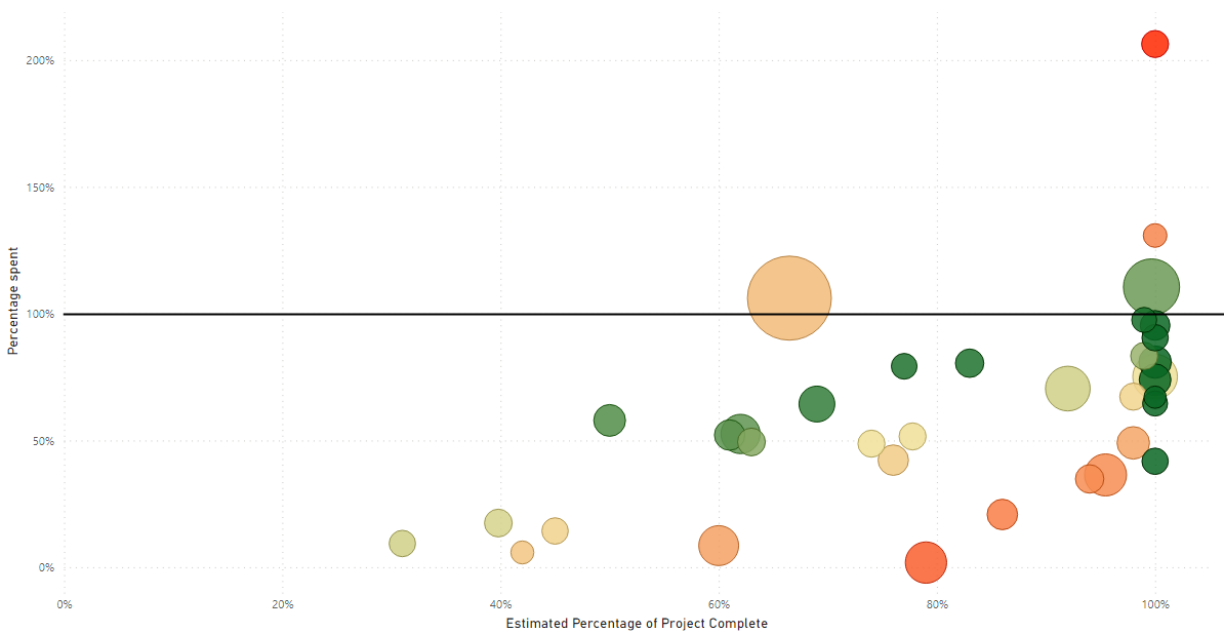
Figure 2 shows the 36 projects that were reported as at least 30.0 percent complete as of November 2021.

**POST-IMPLEMENTATION REVIEW OF BUSINESS OUTCOMES**

A Post-implementation Review of Business Outcomes (PIRBO) describes the expected benefits and outcomes compared to the realized benefits and outcomes of implementing a major information resources project. In that report, the agency also identifies the lessons it learned that can be used to improve agency-level or state-level processes.

The agency must submit a PIRBO to QAT within six months after a project has been completed.

**FIGURE 2  
PERCENTAGE OF PROJECT COMPLETE COMPARED TO PERCENTAGE OF BUDGET SPENT IN QUALITY ASSURANCE TEAM-MONITORED PROJECTS, AS OF NOVEMBER 2021**



**NOTES:**

- (1) Each circle on the graph represents a project that was at least 30.0 percent complete (36 of 56 projects). It is assumed that a project within 10.0 percent of its budget or schedule is considered successful; results greater than 10.0 percent will change the dots' color. See Appendix A for further information on each project.
- (2) The size of each circle represents the current estimated project budget, and the largest circles represent projects with the largest budgets.
- (3) Due to rounding of expenditures to date, the circles may appear to have zero percentage spent.

SOURCES: Agency self-reported monitoring reports.

The position of each project shown in Figures 1 and 2 is determined by comparing each project's current cost and duration to its initial cost and duration estimates. The initial cost and duration estimates were included in the agency's submission of its business case for project framework approval by QAT.

**COMPARISON OF 2020 AND 2021 PROJECT PERFORMANCE**

For projects reporting at least 30.0 percent completion as of November 2020, 61.0 percent were within their original estimated costs and durations, and 12.0 percent exceeded both cost and duration. For projects reporting at least 30.0 percent completion as of November 2021, 44.0 percent are within their original estimated costs and durations, and 19.4 percent exceeded both cost and duration. For agencies whose projects are within their original estimated costs and durations, this status may be attributed to the following actions:

- utilizing agile methodology in management of new projects;
- allocating more time to developing initial costs, benefits, quality, and scope;
- managing projects in parallel with the agency project management office;
- completing original scope before incorporating new requirements on existing projects;
- thoroughly identifying system requirements; and
- dividing large-scale, system replacement projects into multiple, smaller-scale projects.

Projects with durations of three years or less are becoming common, as information technology often becomes obsolete after that period. Despite this trend for shorter durations, some large-scale systems could have a development duration of five years or more. QAT has observed that these large-scale projects are most likely to exceed budget or fall behind schedule.

**PROJECT HIGHLIGHTS DURING THE 2020–21 BIENNIUM**

As previously mentioned, projects lasting less than 28 months were more likely to be successful (i.e., meet their cost and duration estimates). QAT monitored several successful projects during fiscal year 2021, including the following projects:

- The Department of State Health Services (DSHS) Texas Enhancement of the National Electronic Disease Surveillance System (NEDSS) Project

The project was completed on time, and the budget was increased due to the expanded scope to meet emergency needs related to the agency's response to the COVID-19 pandemic. According to the agency, DSHS implemented the NEDSS enhancement project to identify areas to improve the acceptance of electronic data exchanges from healthcare systems and enable health departments to continuously develop and send standards-based case notifications to the Centers for Disease Control and Prevention for the National Notifiable Diseases Surveillance System (NNDSS).

DSHS began the NEDSS Project during fiscal year 2020. The initial estimated project cost was \$3,240,628. The initial planned project start and finish dates were September 9, 2019, and August 31, 2021, respectively. The project's expanded scope increased project costs to \$8,619,747; however, the project completion remained within the initial timeframe of 23 months.

- Health and Human Services Commission (HHSC) System-Wide Business Enablement Platform

The project generated the agency's first cloud platform that is scalable and can support multiple programs and missions. It does so by providing a system of modular, interconnected components, a common information management repository, shared service elements and resources, and support for mission-specific applications. HHSC commenced the project with collaborative sessions with the cloud partner and architects to develop a list of user stories that defined the architecture of the platform and shaped the implementation plan.

HHSC began the project during fiscal year 2020. The initial estimated project cost was \$6,889,451. The initial planned project start and finish dates were September 1, 2019, and August 31, 2021, respectively. The final project cost of \$2,902,599 was 57.9 percent less than the estimated cost, and the project's completion remained within the initial timeframe of 23 months.

**ADDITIONAL QAT OVERSIGHT INITIATIVES**

**Contract Oversight**

Pursuant to the 2022–23 GAA, Article IX, Section 9.01, and the Texas Government Code, Section 2054.160, any contract for the development of major information resources projects with an expected value of at least \$10.0 million must be reviewed by QAT before it can be executed by an agency. QAT will review the contract to check that it follows the best practices established in the *State of Texas Procurement and Contract Management Guide* (TPCMG) and all applicable rules and regulations. QAT may provide recommendations regarding reviewed contracts and reserves the right to waive the contract review requirement within certain circumstances. The CPA’s Statewide Procurement Division (SPD) published the TPCMG, Version 1.2, in September 2019. The guide combined the objectives of the previously published *Texas Procurement Manual* and the *Texas Contract Management Guide* and updated best practices and laws in state contracting. TPCMG provides state agencies with guidance regarding the full procurement cycle, and QAT conducts contract reviews based on adherence to the practices within the guide.

Agencies must submit a justification for amendments that increase a contract’s value by at least 10.0 percent to the QAT. Agencies must notify QAT when they advertise a request for proposal, request for bid, or other similar activity common to the competitive bidding processes for a major information resources project. Additionally, agencies must notify QAT within 10 business days of awarding a contract for a major information resources project valued at least \$10.0 million for QAT review.

QAT has fostered increased collaboration among oversight agencies, enabling DIR, CPA, LBB, and SAO to partner on training initiatives through CPA’s mandatory procurement training and continuing education programs. QAT also has provided improved insight into statewide contracting issues, informing the focus of SPD’s continuing education offerings. The Procurement Oversight and Delegation team within SPD, which administers the Contract Advisory Team (CAT), has collaborated with QAT to provide additional oversight of state agencies’ adherence to contracting requirements. The increased communication and partnership have enabled better overall oversight.

QAT also collaborates with agencies to provide feedback regarding contracts that are not subject to formal approval. For example, QAT continues to collaborate with DIR on its Next Generation DCS procurement. Because this project is not for system development, QAT will not review and approve the contract formally. As required by statute, the solicitation will be reviewed by CAT, and QAT will coordinate with CAT to remain informed regarding the planned DCS procurements. Considering the complexity and the number of agencies affected by DCS services, QAT also may request that DIR periodically provides updates or documents related to the project.

**Senate Bill 799 Additional Oversight**

Pursuant to Senate Bill 799, Eighty-seventh Legislature, Regular Session, 2021, DIR is required to provide additional oversight for agency projects designated for additional monitoring by the State Auditor’s Office and for any major information resources project designated by the Governor, Lieutenant Governor, or Speaker of the House of Representatives. DIR, in consultation with the QAT, developed an additional oversight matrix to guide implementation of this requirement. Additional oversight will be provided as appropriate based on individual project performance, as determined by the QAT, in the areas of risk management, quality assurance services, independent project monitoring, and project management.

ADDITIONAL OVERSIGHT LEVEL	EXAMPLES OF ADDITIONAL OVERSIGHT ACTIVITIES
High	Establish executive steering committee meetings with QAT, use of enterprise risk management tools, consideration of contracts with independent quality assurance vendor, independent verification and validation vendor, and/or project manager
Medium	Enhanced project data capture, initiate agency project team reviews with QAT staff
Low	Increase monitoring frequency, improve defining and tracking project quality

**Project Oversight: Public Dashboard**

Pursuant to the Texas Government Code, Section 2054.159, DIR, in consultation with QAT, developed performance indicators in the areas of schedule, cost, scope, and quality. Since October 2018, QAT’s public website dashboard has included this information to provide state leadership, state agencies, and the public with the ability to view details of major information resources projects online and to track their progress. All major information resources projects currently report all performance measures.

The QAT dashboard includes interactive graphics developed by LBB staff. The dashboard is updated quarterly and shows a summary of projects monitored by QAT, along with the detailed performance metrics by project. It is available at [https://public.tableau.com/app/profile/state.of.texas.lbb/viz/4626\\_QualityAssuranceTeam\\_16306106853990/StatewideOverview](https://public.tableau.com/app/profile/state.of.texas.lbb/viz/4626_QualityAssuranceTeam_16306106853990/StatewideOverview).

The performance indicators for the areas of budget, schedule, scope, and quality reported from state agencies for each project are calculated in the following manner:

- schedule performance index (SPI) – SPI is a standard project management measure of how close the project is to being completed compared to the schedule. For waterfall methodology projects, it is calculated by dividing the budgeted cost of work performed, or earned value, by the planned value. For agile methodology projects, SPI is calculated based on completed activities compared to planned activities;
- cost performance index (CPI) – CPI is a standard project management measure of the financial effectiveness and efficiency of a project. It represents the amount of completed work for every unit of cost spent. For waterfall methodology projects, it is calculated by dividing the budgeted cost of work performed, or earned value, by the actual cost of the work performed. For agile methodology projects, it is calculated based on completed activities compared to the actual costs or hours completing those features;

<b>PROJECT LEVEL SCHEDULE PERFORMANCE INDEX AND COST PERFORMANCE INDEX RATING</b>	<b>CORRESPONDING COLOR</b>
0.90 or greater	Green
From 0.80 to less than 0.90	Yellow
Less than 0.80	Red

- scope performance – This measure is derived from reviewing the budget impact of project scope changes during the preceding 12 months; and

<b>SCOPE PERFORMANCE INDEX</b>	
<b>SCOPE CHANGES DURING THE PRECEDING 12 MONTHS THAT IMPACT THE PROJECT BUDGET BY AN INCREASE OF:</b>	<b>CORRESPONDING COLOR</b>
10.0% or less	Green
Greater than 10.0% and less than or equal to 20.0%	Yellow
Greater than 20.0%	Red

- quality performance – This measure is derived from a series of quality measures specific to each project and each project phase. Quality is measured throughout the project’s life cycle during project deliverable reviews, during testing, and after the system has been implemented. The quality of vendor performance also is measured. Quality performance is measured against agency-developed Quality Management Plans or Quality Registers.

QUALITY PERFORMANCE INDEX	CORRESPONDING COLOR
Project is achieving its stated quality objectives.	Green
Project is missing some of its quality objectives and requires agency management notification.	Yellow
Project is not achieving its quality objectives and requires agency management intervention.	Red

The metrics are established in the Statewide Project Automated Reporting (SPAR) system to track and review projects. Agencies that are implementing major information resources projects enter project data directly into the SPAR system for QAT's review. Additionally, the SPAR system tracks whether an agency has considered cloud computing service options and whether the agency has considered QAT best practices pursuant to the Texas Government Code, Section 2054.304. To ensure that agencies understand all requirements associated with these projects, the use of the Project Delivery Framework, the use of the SPAR system, and the public dashboard, DIR provides training to agency staff through agency visits, webinars, and DIR-sponsored forums. Agencies are encouraged to request trainings directly with DIR at [projectdelivery@dir.texas.gov](mailto:projectdelivery@dir.texas.gov).

As part of continuous process improvement efforts, QAT and DIR are collaborating on several developments to help agencies improve the delivery of projects. Figure 3 shows these improvement efforts.

**FIGURE 3  
QUALITY ASSURANCE TEAM AND DEPARTMENT OF INFORMATION RESOURCES IMPROVEMENTS  
NOVEMBER 2021**

- The Quality Assurance Team (QAT) and the Department of Information Resources (DIR) will emphasize incorporating best practices in modern information technology project management outreach and training with agencies using various methods: webinars, individual training, classroom settings, and electronic delivery of content.
- QAT coordinates information sharing with the Legislative Budget Board's Contract Oversight Team.
- DIR is revising rules/regulations pursuant to the Texas Administrative Code, Title 1, Part 10, Chapter 216, which pertains to project management practices, is being updated to help agency practitioners manage legislative changes regarding projects.
- QAT may require a project demonstration after project deployment.
- DIR coordinates information sharing among state agencies to disseminate best practices.

SOURCE: Quality Assurance Team.

**BEST PRACTICES TO BE CONSIDERED BY AGENCIES**

The Texas Government Code, Section 2054.304, requires state agencies to consider incorporating applicable best practices into their major information resources project plans. Based on what entities across the public sector and at the federal level have demonstrated, QAT identified the following best practices that contribute to the success of state agency information systems:

- divide large projects into smaller, more manageable projects with schedules of less than 28 months and budgets of less than \$10.0 million. For large legacy-replacement projects, consider strategies to migrate the legacy system incrementally by gradually replacing specific pieces of functionality with new applications and services; for example, using the Strangler Fig pattern (<https://docs.microsoft.com/en-us/azure/architecture/patterns/strangler-fig>);
- consider leveraging DIR's Shared Technology Services Program for project delivery needs related to cloud, application development, maintenance, security, and other technology solutions. Participation in the STS

program may enable an agency to meet evolving project needs, while minimizing risk and maintaining project and business continuity;

- consider using open-source software for less reliance on proprietary software. Open-source software does not charge users a licensing fee for modifying or redistributing its source code. Publicly available source code enables continuous and broad peer review, promoting increased transparency and greater accountability;
- combine agile development with user-centered design to enable the development team continuously to iterate toward solving and meeting end users' needs. A culture shift is required across the organization to successfully implement agile development;
- build IT systems using loosely coupled parts, connected by open and available application programming interface (API) to enable flexible, sustainable systems that meet users' needs and cost less than traditional systems;
- include security planning in the initiation phase of the project. Complete a security risk assessment for the project, include a secure code review and vulnerability testing, conduct a penetration test of the application, and remediate findings before moving to production. Obtain and review the Statement on Standards for Attestation Engagements No. 18 report for any external service provider that will be hosting or managing your data or services;
- with the increase of hybrid work environments, it can be a challenge for project teams to stay connected. Ensure that the project team is well equipped to collaborate from any location using secure, accessible, virtual, immersive tools such as those that include integrated videoconferencing and collaboration capabilities. With many agency project teams in a matrixed environment, it's important to employ strong personnel management practices including regular checkpoints with team members to effectively manage resources. Seamless communication is essential for sharing ideas that promote project team cohesiveness;
- perform system categorization and determine the appropriate security control baselines for the information system based on confidentiality, integrity, and availability requirements;
- consider agile procurement for procurements that have a moderate level of uncertainty and complexity. Agile procurement is a method that enables the procurement to be divided into a series of manageable iterative stages, from developing the solicitation in stages to having a series of vendor demonstrations and discussions throughout the procurement phase;
- divide large contracts into shorter-term, lower-dollar-amount contracts through modular contracting, which enables the agency to decrease project risk and incentivizes contractor performance while meeting the agency's need for timely access to rapidly changing technology. The resulting contract language should enable modular product delivery that includes user-centered modules that can be remediated without jeopardizing the success of the entire project; and
- assign a dedicated and empowered agency product owner to lead development efforts. The product owner is different from a project or program manager, who typically focuses on ensuring that the initiative runs well and delivers on time and within budget. Product ownership often is treated as "other duties as assigned," but it should be considered a full-time job that involves stage planning with users and stakeholders and refining any backlog, among other duties. The product owner should be empowered to make decisions based on feedback from stakeholders and users, business objectives, and priority of features to achieve the product vision.

QAT identified strategies that agencies should use to ensure an appropriate methodology for project selection, control, and evaluation based on alignment with business goals and objectives. Figure 4 shows these strategies as of November 2021.

**FIGURE 4**  
**STRATEGIES FOR AN APPROPRIATE PROJECT METHODOLOGY**  
**NOVEMBER 2021**

- Provide adequate time for project procurement activities.
- Consider the allowable funding for a biennium when planning a project and contract.
- Include employee benefit costs as part of full-time-equivalent position costs when reporting project costs in monitoring reports.
- Consider accessibility requirements and standards in the Texas Administrative Code, Title 1, Part 10, Chapter 213, Electronic and Information Resources, during software analysis, development, and testing.
- Submit project benefits realization documents on schedule. These documents often are submitted late or are submitted with missing or inadequate information.
- Conduct a thorough analysis of resource availability before submitting a project to agency management for approval. Failure to adhere to this practice can lead to unrealistic expectations.
- Submit monitoring reports within 30 days after the end of each quarter. Monitoring reports often are submitted late or with inaccurate or inconsistent information.
- Submit a contract amendment change order when change orders or amendments increase the total contract amount by at least 10.0 percent.

SOURCE: Quality Assurance Team.

**NEW LEGISLATION AFFECTING PROJECTS**

The Eighty-seventh Legislature, Regular Session, 2021, passed key legislation related to cybersecurity, data management, and legacy modernization efforts that may affect major information resources projects monitored by QAT. Agencies should consider the following requirements that may be applicable to their IT projects:

- Senate Bill 475, Eighty-seventh Legislature, Regular Session, 2021, amends the Texas Government Code, Section 2054.0593, to stipulate that each agency contracting for cloud computing services must require the vendor to comply with the newly implemented Texas Risk and Authorization Management Program's (TX-RAMP) requirements beginning January 1, 2022. Agencies leveraging cloud services in the implementation of a product should ensure thorough vetting for regulatory requirements, including certification and compliance with TX-RAMP.
- Senate Bill 475 amends the Texas Government Code, Section 2054.138, to require each agency, during solicitation development, to include a provision in the contract requiring the vendor to meet the security controls the agency determines are proportionate with the agency's risk in accordance with the contract based on the sensitivity of the agency's data. The vendor periodically must provide to the agency evidence that the vendor meets the security controls required in accordance with the contract.
- Senate Bill 475 amends the Texas Government Code, Section 2054.161, to require an agency, on initiation of an information resources technology project, to include an application development project and any information resources projects described in Chapter 2054, Subchapter G, to classify the data produced from or used in the project and determine appropriate data security and applicable retention requirements pursuant to the Texas Government Code, Section 441.185, for each classification.
- House Bill 4018, Eighty-seventh Legislature, Regular Session, 2021, establishes the Technology Improvement and Modernization Fund in the state Treasury to be used for improving and modernizing state agency information resources. The method by which projects will be eligible for this funding will be determined by the Joint Oversight Committee on Investment in Information Technology Improvement and Modernization Projects.

- Senate Bill 799, Eighty-seventh Legislature, Regular Session, 2021, establishes new threshold requirements for IT commodity procurements. These requirements include the option for agencies to solicit DIR vendors for procurements up to \$10.0 million. If an agency elects to not use DIR Cooperative Contracts, for procurements between 5.0 to 10.0 million, a DIR exemption is not required; however, the agency must follow all other applicable procurement law and rules. (Agencies should refer to the State of Texas Procurement and Contract Management Guide for more information on procuring automated information systems.)
- House Bill 3130, Eighty-seventh Legislature, Regular Session, 2021, adds the phrase native mobile application to the Texas Government Code, Section 2054.113, which requires state agencies to notify DIR before contracting with a third party to build an application that duplicates functions provided by Texas.gov.

## CONCLUSION

Agencies retain ultimate responsibility for project management and success. QAT seeks to increase transparency and provide guidance to agencies executing major information resources projects. To this end, QAT provides recommendations to enhance an agency's ability to satisfy commitments made to state leadership. Although multiple factors contribute to a successful project, one key factor that increases the risk of failure for major state technology projects is the project size.

There may be circumstances that require a contract to be terminated before the project is completed. The earlier the decision is made to cancel a contract; the quicker resources can be assigned to complete the project the greater the opportunity for the project's success.

Other factors noted for project success are those that provide adequate time for procurement activities, align scope with approved budgets, and defer new requirements until a later phase or until a new project can be initiated. QAT will continue to collaborate with agencies and state leadership to execute effective project oversight projects.



## APPENDIX A

### MAJOR INFORMATION RESOURCES PROJECTS REPORTED TO THE QUALITY ASSURANCE TEAM

#### ORDERED ALPHABETICALLY BY AGENCY

(Data is self-reported by the agencies. Original budgets do not include operational costs after implementation.) Expenditures to date are actual expenditures and do not include agency obligation costs. Individual performance metrics (Budget, Schedule, Scope and Quality) color coding is defined on pages 9 and 10 of the report. The larger circles next to the agency name may not correspond with the smaller circles for individual performance metrics.

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AGENCY	PROJECT	(IN MILLIONS)			PERCENTAGE COMPLETE	ORIGINAL ESTIMATED DATES	CURRENT ESTIMATED DATES
		ORIGINAL BUDGET	CURRENT BUDGET	EXPENDITURES TO DATE			
Commission on State Emergency Communications	State-level Digital 911 Network	\$14.7	\$14.1	\$14.1	100.0%	09/15 to 08/18	09/15 to 08/21
	Budget Performance – ●						
	Schedule Performance – ●						
	Scope Performance – ●						
	Quality Performance – ●						
Comptroller of Public Accounts	Centralized Accounting Payroll and Personnel System (CAPPS) Financials – Agency Deployment FY21	\$8.4	\$8.4	\$5.7	98.0%	09/20 to 09/21	09/20 to 10/21
	Budget Performance – ●						
	Schedule Performance – ●						
	Scope Performance – ●						
	Quality Performance – ●						
Comptroller of Public Accounts	Centralized Accounting Payroll and Personnel System (CAPPS) Human Resources/Payroll – Agency Deployment FY21	\$8.8	\$8.8	\$7.4	99.0%	09/20 to 09/21	09/20 to 09/21
	Budget Performance – ●						
	Schedule Performance – ●						
	Scope Performance – ●						
	Quality Performance – ●						
Comptroller of Public Accounts	Web Application Modernization and Optimization	\$15.0	\$17.4	\$12.8	100.0%	12/17 to 01/21	01/19 to 04/21
	Budget Performance – ●						
	Schedule Performance – ●						
	Scope Performance – ●						
	Quality Performance – ●						

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		ORIGINAL BUDGET	CURRENT BUDGET	EXPENDITURES TO DATE			
Department of State Health Services ●	COVID-19 Data Validation and Correction (CDVC) (1)	\$10.5	\$15.2	\$5.5	61.0%	01/21 to 08/21	01/21 to 01/22
	Budget Performance – ●						
	Schedule Performance – ●						
	Scope Performance – ●						
	Quality Performance – ●						
Department of State Health Services ●	Data Center Services Application Remediation	\$0.67	\$0.67	\$0.5	100.0%	11/19 to 08/21	11/19 to 08/21
	Budget Performance – ●						
	Schedule Performance – ●						
	Scope Performance – ●						
	Quality Performance – ●						
Department of State Health Services (DSHS) ●	DSHS Website/Website Content Management System (WCMS) Upgrade	\$6.5	\$10.2	\$1.1	40.0%	08/20 to 12/22	08/20 to 12/22
	Budget Performance – ●						
	Schedule Performance – ●						
	Scope Performance – ●						
	Quality Performance – ●						
Department of State Health Services	Electronic Ordering and Reporting (EOR) (1)	\$3.9	\$6.3	\$0.02	16.0%	09/20 to 08/22	09/20 to 08/23
	Budget Performance – ●						
	Schedule Performance – ●						
	Scope Performance – ●						
	Quality Performance – ●						
Department of State Health Services ●	HIV2000, Real-time Education and Counseling Network, AIDS Regional Information Evaluation System (HRAR) Implementation	\$14.6	\$15.5	\$6.2	76.0%	09/17 to 02/20	06/18 to 03/22
	Budget Performance – ●						
	Schedule Performance – ●						
	Scope Performance – ●						
	Quality Performance – ●						

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		ORIGINAL BUDGET	CURRENT BUDGET	EXPENDITURES TO DATE			
Department of State Health Services ●	Infectious Disease Data Integration	\$14.4	\$17.1	\$8.3	50.0%	09/20 to 08/23	09/20 to 08/22
	Budget Performance – ●						
	Schedule Performance – ●						
	Scope Performance – ●						
	Quality Performance – ●						
Department of State Health Services ●	Texas Enhancement of the National Electronic Disease Surveillance System (NEDSS)	\$3.2	\$8.6	\$6.7	100.0%	09/19 to 08/21	09/19 to 08/21
	Budget Performance – ●						
	Schedule Performance – ●						
	Scope Performance – ●						
	Quality Performance – ●						
Department of State Health Services ●	Texas Healthcare Safety Network Replacement	\$8.5	\$6.9	\$0.8	31.0%	09/20 to 08/22	09/20 to 07/23
	Budget Performance – ●						
	Schedule Performance – ●						
	Scope Performance – ●						
	Quality Performance – ●						
Department of State Health Services ●	Texas Health Trace	\$19.2	\$19.2	\$15.6	100.0%	04/20 to 08/21	04/20 to 08/21
	Budget Performance – ●						
	Schedule Performance – ●						
	Scope Performance – ●						
	Quality Performance – ●						
Department of State Health Services ●	Upgrade Laboratory Information Management System (LIMS)	\$6.8	\$6.8	\$1.0	45.0%	09/19 to 08/21	09/19 to 03/22
	Budget Performance – ●						
	Schedule Performance – ●						
	Scope Performance – ●						
	Quality Performance – ●						

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		ORIGINAL BUDGET	CURRENT BUDGET	EXPENDITURES TO DATE			
Department of State Health Services ●	Vaccine Allocation and Ordering System (1)	\$6.4	\$11.0	\$5.1	83.0%	06/20 to 08/21	06/20 to 04/22
	Budget Performance – ●						
	Schedule Performance – ●						
	Scope Performance – ●						
	Quality Performance – ●						
Department of State Health Services ●	Vaccine Client Encounters System (1)	\$7.8	\$8.3	\$4.0	78.0%	01/21 to 03/22	01/21 to 11/21
	Budget Performance – ●						
	Schedule Performance – ●						
	Scope Performance – ●						
	Quality Performance – ●						
Health and Human Services Commission ●	1915(c) Waivers Migration to the Texas Medicaid Healthcare Partnership (TMHP) Long-term Care Online Portal (LTCOP)	\$13.0	\$8.7	\$6.4	74.0%	10/19 to 08/21	10/19 to 09/21
	Budget Performance – ●						
	Schedule Performance – ●						
	Scope Performance – ●						
	Quality Performance – ●						
Health and Human Services Commission ●	Application Remediation for Data Center Consolidation	\$0.6	\$1.5	\$0.8	100.0%	09/19 to 08/21	09/19 to 08/21
	Budget Performance – ●						
	Schedule Performance – ●						
	Scope Performance – ●						
	Quality Performance – ●						
Health and Human Services Commission ●	Enterprise Data Governance	\$50.7	\$50.7	\$35.8	92.0%	9/11 to 01/22	08/15 to 03/22
	Budget Performance – ●						
	Schedule Performance – ●						
	Scope Performance – ●						
	Quality Performance – ●						

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Health and Human Services Commission	Foster Care Litigation and Community Living Assistance and Support Services (CLASS) Stabilization	\$5.3	\$19.0	\$0.7	20.0%	08/20 to 08/22	10/20 to 10/23
	Budget Performance – ●						
	Schedule Performance – ●						
	Scope Performance – ●						
	Quality Performance – ●						
Health and Human Services Commission	Health Insurance Portability and Accountability Act Compliance (formerly OCR CAP)	\$23.4	\$11.2	\$8.2	94.0%	09/18 to 09/21	09/18 to 08/22
	Budget Performance – ●						
	Schedule Performance – ●						
	Scope Performance – ●						
	Quality Performance – ●						
Health and Human Services Commission	Medicaid Fraud and Abuse Detection System (MFADS) – Migration and Modernization	\$5.0	\$5.3	\$4.9	99.0%	09/19 to 08/21	09/19 to 08/21
	Budget Performance – ●						
	Schedule Performance – ●						
	Scope Performance – ●						
	Quality Performance – ●						
Health and Human Services Commission	Migration of Medicaid Management Information System Applications from Riata to Data Center Services	\$15.3	\$15.3	\$3.2	86.0%	08/20 to 08/21	08/20 to 10/21
	Budget Performance – ●						
	Schedule Performance – ●						
	Scope Performance – ●						
	Quality Performance – ●						
Health and Human Services Commission	Migrate Vision21 Off Non-Stop Kernel (Highly Faulty Servers)	\$10.1	\$10.1	\$5.0	63.0%	08/20 to 02/22	08/20 to 02/22
	Budget Performance – ●						
	Schedule Performance – ●						
	Scope Performance – ●						
	Quality Performance – ●						

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Health and Human Services Commission	● Performance Management and Analytics System (PMAS) Assessment, Acquisitions Planning, and Pilot Support	\$19.3	\$19.3	\$9.5	98.0%	09/19 to 08/21	09/19 to 08/21
	Budget Performance – ●						
	Schedule Performance – ●						
	Scope Performance – ●						
	Quality Performance – ●						
Health and Human Services Commission	● Procurement and Contracting Improvement Plan (PCIP)	\$5.0	\$5.0	\$3.2	100.0%	11/19 to 08/21	11/19 to 08/21
	Budget Performance – ●						
	Schedule Performance – ●						
	Scope Performance – ●						
	Quality Performance – ●						
Health and Human Services Commission	● Provider Management and Enrollment System (PMES)	\$20.5	\$26.5	\$13.2	69.0%	12/18 to 07/20	12/18 to 10/22
	Budget Performance – ●						
	Schedule Performance – ●						
	Scope Performance – ●						
	Quality Performance – ●						
Health and Human Services Commission	● Regulatory Services Systems Modernization (RSSM) Phase IV - Protecting People in Regulated Facilities (PPRF)	\$4.7	\$6.4	\$3.8	77.0%	09/18 to 08/21	09/18 to 11/22
	Budget Performance – ●						
	Schedule Performance – ●						
	Scope Performance – ●						
	Quality Performance – ●						
Health and Human Services Commission	● Systemwide Business Enablement Platform	\$6.9	\$6.9	\$2.9	100.0%	9/19 to 08/21	09/19 to 08/21
	Budget Performance – ●						
	Schedule Performance – ●						
	Scope Performance – ●						
	Quality Performance – ●						

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Health and Human Services Commission ●	Vendor Drug Program (VDP) Pharmacy Benefit Services (PBS) Modernization	\$37.3	\$36.2	\$3.2	60.0%	09/19 to 08/22	09/19 to 09/23
Budget Performance – ●							
Schedule Performance – ●							
Scope Performance – ●							
Quality Performance – ●							
Health and Human Services Commission ●	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) MOSAIC	\$43.0	\$35.6	\$22.6	62.0%	09/19 to 09/21	02/20 to 12/22
Budget Performance – ●							
Schedule Performance – ●							
Scope Performance – ●							
Quality Performance – ●							
Office of Attorney General ●	IT System Modernization Phase I	\$50.9	\$50.9	\$38.3	100.0%	03/20 to 08/21	03/20 to 10/21
Budget Performance – ●							
Schedule Performance – ●							
Scope Performance – ●							
Quality Performance – ●							
Office of Court Administration ●	eFile Texas 2.0	\$23.7	\$2.2	\$1.4	42.0%	09/19 to 09/21	09/19 to 10/23
Budget Performance – ●							
Schedule Performance – ●							
Scope Performance – ●							
Quality Performance – ●							
Office of Court Administration (OCA) ●	OCA Uniform Case Management System	\$41.0	\$41.0	\$0.7	79.0%	11/20 to 07/22	11/20 to 07/22
Budget Performance – ●							
Schedule Performance – ●							
Scope Performance – ●							
Quality Performance – ●							

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		ORIGINAL BUDGET	CURRENT BUDGET	EXPENDITURES TO DATE			
Texas Alcoholic Beverage Commission	Licensing and Tax Collection Technology Replacement Project	\$7.4	\$7.4	\$6.7	100.0%	09/19 to 08/21	09/19 to 08/21
	Budget Performance –	●					
	Schedule Performance –	●					
	Scope Performance –	●					
	Quality Performance –	●					
Texas Department of Transportation	Modernize Portfolio and Project Management (MPPM)	\$125.4	\$218.5	\$133.1	66.5%	08/16 to 08/19	08/16 to 08/22
	Budget Performance –	●					
	Schedule Performance –	●					
	Scope Performance –	●					
	Quality Performance –	●					
Texas Department of Transportation	TxTag Customer Service Systems and Operations Project (2)	\$80.1	\$88.8	\$88.5	99.7%	09/17 to 09/20	09/17 to 08/21
	Budget Performance –	●					
	Schedule Performance –	●					
	Scope Performance –	●					
	Quality Performance –	●					
Texas Railroad Commission	Mainframe Transformation Phase I	\$42.3	\$42.3	\$15.4	95.5%	09/19 to 08/21	09/19 to 02/22
	Budget Performance –	●					
	Schedule Performance –	●					
	Scope Performance –	●					
	Quality Performance –	●					
Texas Workforce Commission	Unemployment Insurance (UI) System Replacement	\$66.5	\$67.6	\$7.9	22.0%	09/19 to 01/24	09/19 to 03/24
	Budget Performance –	●					
	Schedule Performance –	●					
	Scope Performance –	●					
	Quality Performance –	●					



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		ORIGINAL BUDGET	CURRENT BUDGET	EXPENDITURES TO DATE			
Texas Workforce Commission	Workforce Case Management (WFCM)	\$24.7	\$13.8	\$1.3	25.0%	09/19 to 08/25	09/19 to 07/23
	Budget Performance – ●						
	Schedule Performance – ●						
	Scope Performance – ●						
	Quality Performance – ●						

## NOTES:

(1) Project scope and duration was increased due to COVID-19 State Health Services activities.

(2) The agency canceled the vendor contract.

SOURCE: Quality Assurance Team information from agency monitoring reports. Original costs and schedules are derived from agency business case submissions at the time of project approval.

**CONTACT**

An electronic version of this report is available at [qat.dir.texas.gov/pubs.htm](http://qat.dir.texas.gov/pubs.htm). If you have any questions, please contact Robert Wood of the Comptroller of Public Accounts at (512) 463-3973, Tom Niland of the Department of Information Resources at (512) 463-8826, Richard Corbell of the Legislative Budget Board at (512) 463-1200, or Michael Clayton of the State Auditor's Office at (512) 936-9500.