



Extract from the report to the
Public Accounts Committee on
the Danish Police's IT system POLSAG

March
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I. Introduction and conclusion

1. This report is about the Danish National Police's (the Police) procurement of the IT system *POLSAG*, which, after a prolonged and expensive development process, was abandoned and never put into service.

2. In February 2012, the Finance Committee approved that the Police should close the *POLSAG* project and terminate the cooperation with the IT provider. At the time, the *POLSAG* project was in its tenth year and had cost more than DKK 500 million. The recommendation made by the Ministry of Justice to close the *POLSAG* project was based on the work performed by a committee – headed by an external chairman – with representatives from the Ministry of Finance, the Ministry of Justice and the Police.

3. *POLSAG* was procured to replace *POLSAS* – the IT system that is currently used by the Police for managing cases and documents – because the Police, at the time, estimated that *POLSAS* would not be able to meet future requirements. *POLSAG* was distinctively different from *POLSAS* in two areas; case management would be digitally based and the system would be implemented nationwide and be accessible across the police districts. *POLSAG* was to be built around the standard system *Captia*, but included also an extensive programme for software development.

4. After a couple of years' preparation, the Police signed a contract with an IT provider in 2007. In 2009, the Police and the IT provider re-planned the *POLSAG* project. This exercise led to a new time schedule and included significant changes in the economy and contents of the project.

A pilot version of the *POLSAG* system was implemented and made available to the police district of Bornholm (island in the Baltic Sea) in December 2010, and the Bornholm police used the system for one year before it was decided – in March 2012 – to switch back to the *POLSAS* system. *POLSAG* was not implemented in any other police districts.

5. The Ministry of Justice has submitted documents concerning the *POLSAG* project to the Finance Committee regularly in pace with the implementation of changes to the project and requests for increased funding.

6. The objective of Rigsrevisionen's study was to assess the efforts made by the Ministry of Justice and the Police to secure the implementation of the *POLSAG* project. The report answers the following questions:

- On what basis did the Ministry of Justice close down *POLSAG*?
- Did the preparations made by the Police provide an adequate basis for the decision to procure the *POLSAG* system?
- Did the Police manage the *POLSAG* project in a satisfactory manner?
- Did the Ministry of Justice manage the funds appropriated to *POLSAG* in a satisfactory manner?

MAIN CONCLUSION

The POLSAG project was closed down early in 2012 after a long and expensive development phase. The project stretched over ten years and ended up costing approximately DKK 567 million. Rigsrevisionen approves of the fact that the study of the POLSAG project and its prospects – that provided the basis for the decision to close down the project – was produced by a committee, which included also external members.

In the opinion of Rigsrevisionen, the Police did not prepare and manage the POLSAG project in a satisfactory manner and in some areas the Police failed to follow good practice for the management of government IT projects.

Several of the challenges facing the POLSAG project had their origin in the initial phase of the project. The Police did not take advantage of the opportunity to rethink and streamline business processes and procedures, but decided that the POLSAG system should resemble the existing IT system. The Police did not to the extent required identify the business processes that the POLSAG system was meant to support, which might have facilitated the design of the system. Thus the functionalities of the standard system *Captia* were not fully utilised and the need for development of custom software therefore escalated and added to the complexity and risk of the project.

In the opinion of Rigsrevisionen – and taking into consideration the size and complexity of the project – the Police did not manage the project in a satisfactory manner. Before 2010, the Police did not ensure that the development of POLSAG was sufficiently embedded at the executive level and generally failed to document key milestones.

When the pilot version of POLSAG was implemented in the police district of Bornholm, the Police underestimated the amount of effort required to ensure a successful implementation of the system and failed to provide the users with the necessary support. For a long period, the police officers on Bornholm worked in a system that did not – seen from the perspective of the users – function in a satisfactory manner.

Rigsrevisionen finds that the Ministry of Justice did not manage the funds appropriated to POLSAG in a satisfactory manner. The ministry did not include all costs in its appropriation request from 2007, but excluded costs that were essential for the implementation of the project and therefore – in the opinion of Rigsrevisionen – should have been included in the ministry's request. The total costs of the POLSAG that appeared from the appropriation request were thus underestimated. To this should be added that nine months passed before the Ministry of Justice informed the Finance Committee of the significant changes to the project that followed from a decision made by the Police and the IT provider to re-plan and considerably expand the project. In the meantime, the project progressed and the Police transferred – in one instance – a total of DKK 12 million to the IT provider for services that were not covered by the appropriation. This is not considered satisfactory by Rigsrevisionen.

Rigsrevisionen's report concerns the Ministry of Justice and the Police. It should be noted that also the performance of the IT provider had an impact on the outcome of the POLSAG project.

The main conclusion is based on the following sub-conclusions:

On what basis did the Ministry of Justice close down POLSAG?

It is Rigsrevisionen's assessment that the Ministry of Justice founded its assessment of the prospects of the project, and its decision to close it down, on a basis that included data on relevant financial and technical risks and risks related to the services provided by the IT provider. This basis for decision was prepared with the participation of external representatives in a setup similar to what is currently considered best practice for assessment of government IT projects.

The technical studies that preceded the decision to close the POLSAG project raised serious doubt about the response times, but the consequences of the results of the examinations could not be determined with any certainty. The committee that recommended closing the POLSAG project noted this element of uncertainty and emphasised that the response times had not been adequately documented.

Did the preparations made by the Police produce an adequate basis for the decision to procure the POLSAG system?

It is Rigsrevisionen's assessment that the preparations of the POLSAG project made by the Police were in some aspects inadequate. The Police developed a business case early in the process. This was, however, connected with some uncertainty regarding the economy of the project and the Police failed to use or update the business case subsequently, for instance, in connection with key milestones like contract signing, licences and expansion of the project.

Rigsrevisionen finds that the Police did not to the extent required convey the necessary understanding of the business area to the IT provider, including an understanding of the work processes that the POLSAG system was meant to support. As a consequence, development activities in the design phase escalated, because it was generally assumed that the functionalities of POLSAG – due to the Police's and the IT provider's interpretation of the POLSAG requirements – should be identical with the functionalities of POLSAS.

The system was thus adapted to the Police and not vice versa and POLSAG thus ended up being a bespoke solution based on a standard system.

In the opinion of Rigsrevisionen, elements in the contractual basis for the system development made it difficult for the Police to manage the project. For instance, payments were not linked to the delivery of services in the master contract. Some of these shortcomings were, however, remedied towards the completion of the project.

Has the Police managed the POLSAG project in a satisfactory manner?

In the opinion of Rigsrevisionen – and taking into consideration the size and complexity of the project – the Police did not manage the POLSAG project in a satisfactory manner. Before 2010, the project did not formally involve the executive level to the extent required, taking into consideration the significant changes it would entail for the entire organisation.

Key decisions and milestones like, for instance, choice of IT provider and the decision to pilot the system on Bornholm, were not documented by the Police to the extent required.

The Police's administration of project funds produced real-time and detailed financial data. Internal resources were not, in spite of the fact that they were substantial, included in and managed as part of the project.

In addition to the IT provider, the Police employed external consultants to fill its competence gaps within for instance, IT and project management. The number of external consultants exceeded the expected level considerably and had the consequence that key tasks that should have been performed by the Police's own staff were also handled by external consultants.

In the opinion of Rigsrevisionen, the Police's extensive use of external consultants confirms the validity of the recommendation made in the Bonnerup report in 2001 that the ministries should focus on how they use and manage external consultants; in particular in connection with the management of long-term development projects where there is great need to create a sense of ownership and embed knowledge and competences in the organisation.

In the opinion of Rigsrevisionen, the pilot of the system on Bornholm was not adequately prepared by the Police. The training of the users in the functionalities of the system was insufficient. At the same time, the contract with the IT provider did not warrant immediate correction of business critical errors in the system. The Police failed to conduct a live application test of the software that might have detected more of the errors that the users were subsequently faced with on Bornholm. The pilot did, however, help the Police determine whether the POLSAG system was ready to be implemented in other police districts.

Taking into consideration that the users over a long period of time were faced with errors and problems, and at the same time were required to use the system for the daily processing of cases, the pilot on Bornholm was unsuccessful.

Throughout the life of the project, poor response times were a key risk and had the attention of the Police and the IT provider, but the problem was not addressed in time.

Rigsrevisionen recommends that the client and IT provider – in particular in connection with complex IT solutions – should conduct testing of response times in the early phases of projects; for instance response times could be measured in pace with the completion of individual elements of a system, and on the basis of these results the response times of the system during operation could be estimated. Measuring response times early in a project phase is more expensive and does not provide complete assurance that the response times will be the same during a test run. Yet, the client and IT provider will have the opportunity to gradually reduce the risk of poor response times during the development phase.

Did the Ministry of Justice manage the funds appropriated to POLSAG in a satisfactory manner?

It is Rigsrevisionen's assessment that the Ministry of Justice did not manage the funds appropriated to POLSAG in a satisfactory manner.

The costs and scope of the project were increased regularly. When the project was closed, total costs were estimated at approximately DKK 567 million, including approximately DKK 145 million for internal salary costs. From 2007 to 2010, funds appropriated to the POLSAG project were increased by 72 per cent from DKK 236 million to DKK 405.5 million (2010 prices).

The Ministry of Justice failed to include all costs in its appropriation request from 2007. The Ministry did not specify the total costs of the project and omitted costs that were essential for the implementation of the POLSAG project.

In the opinion of Rigsrevisionen, the Ministry of Justice should have informed the Finance Committee earlier of the significant changes to the project that followed from the re-planning exercise in 2009.

Nine months passed before the Ministry of Justice informed the Finance Committee of the significant changes to the project that followed from a decision by the Police and the IT provider to re-plan and considerably expand the project. In the meantime, the project progressed and the Police transferred – in one instance – a total of DKK 12 million to the IT provider for services that were not covered by the appropriation. This is not considered satisfactory by Rigsrevisionen.

The circumstances surrounding the re-planning of the POLSAG demonstrates – according to Rigsrevisionen – that there is good reason to focus more on the submission of documents to the Finance Committee. Rigsrevisionen recommends that the Ministry of Finance should consider how it may be ensured that the authorities empowered to make grants are informed in time when IT projects deviate from the original plans.