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## MINISTRIES OF THE ATTORNEY GENERAL AND PUBLIC SAFETY AND SECURITY

### 4.03—Integrated Justice Project

(Follow-up to VFM Section 3.03, *2001 Annual Report*)

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#### BACKGROUND

After our *2001 Annual Report*, the Ministry of Correctional Services was consolidated with the Ministry of the Solicitor General in April 2002 to form the Ministry of Public Safety and Security. The Integrated Justice Project was instituted in 1996 as a joint initiative of the Ministry of the Attorney General and what is now the Ministry of Public Safety and Security (Ministries). The objective of the Project was to improve the information flow in the justice system by streamlining existing processes and replacing older computer systems and paper-based information exchanges with new, compatible systems and technologies. In addition, a Common Inquiry System was to be created to allow authorized persons in one justice area to access and thus link to files held in other areas on cases, victims, witnesses, suspects, the accused, and convicted offenders. The Project was to affect approximately 22,000 employees in the Ministries at 825 different locations across Ontario, as well as municipal police forces, judges, private lawyers, and the general public.

The Project was implemented using the Common Purpose Procurement (CPP) process, under which the government and private-sector partners jointly provide necessary human and financial resources and share in resulting risks and rewards.

The Integrated Justice Project had experienced significant cost increases and delays. While the March 1998 cost estimate to complete the Project was \$180 million, by March 2001 the estimate had risen to \$359 million. Over the same period, expected benefits were reduced from \$326 million to \$238 million. In addition, not all systems were expected to be fully implemented by the contractual deadline of August 2002. We had several concerns with respect to these costs increases and delays.

We concluded in 2001 that the requirement of CPP policy that due diligence be performed to support the projections of costs and benefits in a business case was not adequately followed in the Integrated Justice Project. We found the following weaknesses in the original business case, on which project approval was based, and in subsequent business cases used to monitor project progress:

- The original business case had an aggressive schedule that was based on a best-case scenario. It did not adequately take into account the magnitude of change introduced by the Project, the complexity of justice administration—particularly that of the courts—or the ability of vendors to deliver the Project's computer systems in the required time frames.

- The estimate of benefits, already reduced to \$238 million in the most recent business case, was still overstated by approximately \$57 million.

In addition, we noted that no agreement had yet been reached between project management and senior management of the courts as to whether or not all of the expected courts benefits, totalling \$172 million and representing over 70% of the Project's total benefits, would be realizable.

We also concluded that aspects of the contractual arrangements with the vendor resulted in the Project not being administered with due regard for economy. For example, negotiated rates for consortium staff were at a premium compared to rates charged by the same vendor to other ministries for similar work, increasing total project costs by up to \$25 million. In addition, the billing rates of consortium staff working on the Project were approximately three times higher than those of the Ministries' staff for similar work.

As well, we had concerns about the security measures for the systems already in use by police and the system to be established for corrections. The confidential information contained in these systems—including data on suspects, victims, witnesses, the accused, and convicted offenders—was vulnerable to unauthorized access and manipulation.

We made a number of recommendations for improvement and received commitments from the Ministries involved that they would take corrective action.

## CURRENT STATUS OF RECOMMENDATIONS

Following 20 months of negotiations between the Ministries and the consortium led by EDS Canada Incorporated (EDS), the parties were unable to agree on new terms to amend and renew their agreement to continue the Project using a Common Purpose Procurement approach. As a result, the Project's Work Term expired on October 8, 2002. Effective April 2003, accountability for individual Project components, including fiscal management and any future development and/or enhancement, has been assigned to each component's most related ministries.

The Project's total investments and benefits as of October 8, 2002 were as follows:

**Total Investments and Benefits of the  
Integrated Justice Project as of October 8, 2002  
(\$ million)**

	Justice Ministries	EDS-led Consortium	Total
Investments	110.2	154.8	265.0
Benefits realized and/or paid out	2.5	7.1	9.6

*Source of data: Ministry of the Attorney General*

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We were advised that, in addition, both the Ministries and the consortium have incurred additional transition costs in connection with the end of the Work Term, which have yet to be agreed to by both parties.

EDS has filed a Notice of Action against the province of Ontario. In addition, the government, on behalf of the Project, has initiated a claim seeking damages from a software firm for performance deficiencies due to the firm's delivery failure.

Based on the information we received from the Ministries, we determined that further work was necessary to ensure that those of our recommendations that are applicable to future similar projects are implemented so that those projects can benefit from lessons learned.

## **BUSINESS CASE**

### **Recommendation**

*Should negotiations result in the Ministries deciding on continuing the Integrated Justice Project, the Ministries should take the appropriate measures that will result in completing the Project in a timely and cost-effective manner. Controls on project management should be reviewed to identify ways to:*

- *minimize the risk that the Project will not be completed within the revised timelines and to ensure that the revised costs will not be exceeded; and*
- *ensure that estimated benefits are, in fact, realizable and ultimately achieved.*

### **Current Status**

Following the end of the Integrated Justice Project's Work Term, the Ministries undertook a period of reassessment to determine how best to proceed in a post-Project environment. Accountability for individual Project components, including fiscal management and any future development and/or enhancement for those components, now resides with each component's respective Ministry.

We were advised that initial releases of the Computer-aided Dispatch and Records Management systems for the police and the Offender Tracking Information System for corrections were implemented by the end of the Project's Work Term, albeit without all the intended functionality, and are now the responsibility of the Ministry of Public Safety and Security. The courts applications (Digital Audio Recording, E-File, and Civil and Criminal Case Management) and the Crown attorneys' Case Management System, all of which are under the Ministry of the Attorney General, were not completed when the Project's Work Term ended and likely will not be completed as originally envisioned. In addition, one of the Project's primary objectives—that of integrating or sharing data between the various justice Ministries' systems, which would have included implementing a Common Inquiry System—was not achieved.

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We were informed that the Ministries remain committed to modernizing the justice system to increase public safety, improve service, and increase access to justice. Any new development or system enhancements by the Ministries are to be based on business cases that are affordable, staged, and cost-effective and that set realistic time frames.

## **PROJECT TIMETABLE**

### **Recommendation**

*To improve controls over timelines and associated costs for this and future Common Purpose Procurement projects, the Ministries should work with the Management Board of Cabinet to revise Common Purpose Procurement guidelines to require that:*

- *reliable information that is validated at the earliest opportunity be used in the preparation of the business case; and*
- *where significant assumptions must be made, multiple business-case scenarios be prepared to help ensure that the financial risks relating to each of the various scenarios are clearly presented.*

### **Current Status**

We were informed that the Management Board Secretariat (MBS) was in the process of reviewing the Government's Common Purpose Procurement (CPP) policies, and that this review would consider the Government's experience with large and complex contracts, including the Integrated Justice Project, as well as the experiences of other jurisdictions and related recommendations contained in the Provincial Auditor's reports. Once the MBS has completed the CPP review, the Government expects to identify ways to enhance its procurement policies and guidelines to reflect best practices in public-private partnerships for the delivery of services to the public.

## **PROJECT BENEFITS**

### **Recommendation**

*To help ensure that benefits identified in the business case for the Integrated Justice Project and any future projects are objectively and realistically presented, the Ministries should:*

- *include in the business case specific details on cost savings and new revenues; and*
- *ensure that only well-researched and project-specific cost savings and new revenues are stated in the business case.*

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## CONTRACTUAL ARRANGEMENTS

### Recommendation

*To help ensure that future remuneration to vendors participating in Common Purpose Procurement projects is reasonable and fair, the Ministries should work with the Management Board of Cabinet to develop appropriate guidelines for the contract negotiation process. These guidelines should require that ministries examine ways of reducing the need for large incentives.*

### Recommendation

*To ensure that vendor rates charged to the Integrated Justice Project are comparable to the rates available to other ministries of the Ontario government and comply with the contractual arrangements, the Ministries should renegotiate the vendor's rates.*

*In future Common Purpose Procurement projects, to help ensure that the rates being charged can be substantiated, adequate provisions for their verification should be included in any contractual arrangements.*

### Recommendation

*To help ensure that the savings achieved in future Common Purpose Procurement projects are fairly distributed, the Ministries should ensure that rates set for their staff are comparable to rates used by vendors whenever possible. When rates are not comparable, the Ministries should document the justification for the rate differential.*

*The Ministries should also take corrective action to ensure that the future staffing costs they charge to the Integrated Justice Project are accurately calculated.*

### Current Status

The principles underlying our recommendations continue to be valid. With the Integrated Justice Project's termination, individual ministries were made responsible and accountable for any new development or system enhancements at their ministry and will be using existing policies for justification and approval of new information technology projects, including the further development of former Project components.

We understand that the above recommendations will be considered during Management Board Secretariat's review of the Common Purpose Procurement process to ensure that Common Purpose Procurement guidelines reflect best practices and that enhanced procedures will be identified. These procedures could be incorporated into the new guidelines for project managers who are considering using the Common Purpose Procurement approach in the future.

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## **PROJECT ADMINISTRATION**

### **Recommendation**

*To ensure that in future the Integrated Justice Project is administered with adequate internal controls and due regard for economy, the Ministries should:*

- *ensure that charges to the investment pool are adequately verified with supporting documents in accordance with contract terms and approvals and take any additional measures considered necessary to eliminate duplicate charges and excessive payments;*
- *establish proper asset controls over its inventory of computer equipment; and*
- *ensure that consulting and related services can be demonstrated to have been acquired competitively and that payments are made in accordance with contractual terms and conditions.*

### **Current Status**

While negotiations were underway, the Ministries undertook certain interim measures within the parameters of the existing arrangements to improve internal controls, such as better tracking of invoice payment and improving the validation process for invoice payment by the Project's Project Management Office.

Following the expiry of the Project's Work Term, the Ministries initiated a closing audit by an external firm of the investments and benefits to assess the appropriateness of charges to the Project and the existence of supporting documents for these claims. The audit had not yet been completed at the time of our follow-up.

Since the Project's termination, the Ministries have taken steps to further strengthen contract management with respect to information technology related contracts by centralizing control of these contracts within the Ministries' Justice Technology Services. A manager has been appointed to oversee the process to ensure compliance with government policies and procedures and with ministry-specific delegations of authority, as well as to ensure that payments are made in accordance with the contractual terms and conditions.

## **SYSTEM SECURITY**

### **Recommendation**

*To help ensure that confidential data in the Integrated Justice Project systems are adequately protected against unauthorized access and data tampering, the Ministries should:*

- *expedite their plans for implementing cryptography and other controls to secure data transmitted over the wide-area network; and*
- *implement more rigorous password controls over user accounts.*

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### **Current Status**

The Ministries informed us that they have implemented more rigorous password controls for the police Records Management System (RMS) and the corrections Offender Tracking Information System (OTIS) to protect data confidentiality and security.

Further security measures, such as cryptography, were scheduled for deployment for the police RMS in fall 2003.

In addition, independent Threat Risk Assessments (TRAs) have been completed for the police and corrections systems to determine vulnerabilities and any threats to the systems, and to identify mitigation strategies. Security at the data centre, which houses the police and corrections systems, was also assessed. The Ministry informed us that changes aimed at addressing the concerns raised by the TRAs either had been completed or were scheduled for implementation during the 2003/04 fiscal year.