Arizona Department of Administration
Arizona Strategic Enterprise Technology Office (ASET) IT Project Oversight

> **ASET has provided insufficient oversight of IT projects, decreasing its ability to identify projects at risk of failing and hindering critical State agency functions, and did not always ensure that high-risk IT projects received independent third-party reviews, potentially jeopardizing their success**

Audit purpose

To determine whether ASET complied with its statutory responsibility to oversee State IT projects and make recommendations to the Information Technology Authorization Committee (ITAC) related to IT projects, as applicable.

Key findings

- The Department is statutorily responsible for State government IT functions and has assigned these responsibilities to ASET. ASET's responsibilities include reviewing, approving, or recommending ITAC approve agencies' IT projects; monitoring agencies' IT projects through expenditure and activity reports and conducting periodic reviews; temporarily suspending the expenditure of monies related to an IT project if it determines that the project is at risk of failing to achieve its intended results; and requiring agencies to contract for independent third-party reviews of IT projects with total costs over $5 million before recommending these projects to ITAC for approval.

- ASET's insufficient oversight of IT projects hampers its ability to assess whether IT projects are at risk of failure and whether they have met intended results, and some IT projects we reviewed had significant issues that hindered critical agency functions related to protecting children, the public, and citizens' sensitive information. For example, we found that ASET closed IT projects with unresolved issues and for 20 IT projects we reviewed, ASET did not:
  - Consistently receive or document its review of status reports for 15 projects.
  - Consistently track project start and end dates for 14 projects.
  - Consistently corroborate or receive IT project expenditure information.
  - Evaluate or ensure that agencies evaluated project outcomes.
  - Take action to suspend IT projects.

- ASET did not ensure that agencies contracted for independent third-party reviews before recommending high-risk IT projects for ITAC approval, potentially jeopardizing their success. For example, 2 independent third-party reviews identified concerns and risks that were not considered during ASET's or ITAC's review and consideration of the IT projects' approval.

- ASET has not implemented some oversight and accountability mechanisms, such as policies, standards, or procedures, to ensure that it consistently meets its responsibilities for overseeing State IT projects and for ensuring that agencies contract for and obtain an independent third-party review prior to making recommendations to ITAC.

Key recommendations

ASET should:

- Develop and implement policies, procedures, and/or standards for reviewing status reports, maintaining complete and accurate IT project data, corroborating IT project expenditures, addressing IT project failure risks, evaluating IT project outcomes, and contracting for independent third-party reviews.

- Work with ITAC to develop a process for requiring that agencies obtain and provide ASET and ITAC with the initial results of independent third-party reviews.