IT PROJECT MONITORING REPORT

Kansas Department of Revenue
KanLicense IT Project
Quarter Ending June 30, 2017

CURRENT STATUS: CAUTION
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Scott Frank, Legislative Post Auditor

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October 6, 2017

To: Members, Legislative Post Audit Committee

This report contains the findings from our fifth monitoring report of the Kansas Department of Revenue KanLicense IT Project (Quarter ending June 30, 2017). The audit team included Clyde-Emmanuel Meador (Senior IT Auditor) and Katrin Osterhaus (IT Audit Manager).

We would be happy to discuss the findings and conclusions presented in this report with any legislative committees, individual legislators, or other state officials.

Sincerely,

Scott Frank
Legislative Post Auditor
This work was conducted by Clyde-Emmanuel Meador, CISA, SSCP; and Katrin Osterhaus, PMP, CIA, CGAP. If you need any additional information about the findings, please contact Katrin Osterhaus at the Division’s offices.

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Overview of the KanLicense Project

The Purpose of the KanLicense Project Is to Replace KDOR’s Old Mainframe Kansas Driver’s License System

The Kansas driver’s license and identification system is responsible for issuing and tracking driver’s licenses and identification cards for the entire state. It also tracks driving records for roughly two million individuals, including any restrictions, suspensions or revocations for those individuals. The system is one of KDOR’s most critical systems and must be available to law enforcement at all times.

The KanLicense project includes the conversion of the current Kansas driver’s license system from a legacy mainframe to a modern, web-based software framework. The new driver’s license system will continue to issue and manage driver’s licenses and identification cards. According to the project plan, new technology will allow better access to ongoing and ad-hoc reporting needs.

This project was originally called KanDrive, but the name was changed in May 2017 because the Department of Transportation already had an initiative called “KanDrive” and asked the Department of Revenue to change the name of this project. As a result, we will now refer to the project as “KanLicense” in this and future monitoring reports.

The Current KanLicense Project Was Originally Part of KDOR’s DMV Modernization Project Which Began in 2007

In 2007, the Kansas Department of Revenue (KDOR) initiated a project to replace its mainframe systems. That project, referred to as the Division of Motor Vehicles (DMV) Modernization Project, had a total estimated budget of $40 million. In 2009, KDOR awarded a contract to the 3M Company to develop and implement the system. The goal of the project was to consolidate the Division of Motor Vehicle’s three older information systems into one. The new system would process motor vehicle titles and registrations and track and issue driver licenses. The DMV project was to be rolled out in two phases:

- Phase one – New Motor vehicle titling and registration system
- Phase two – New Drivers’ license and identification system

Phase one of the DMV project, which included the new motor vehicle titling and registration system, was deployed in May 2012. Originally scheduled to be deployed in July 2011, this system was implemented in May 2012. Because of problems at that time, including long delays at some county treasurer’s offices, complaints about corrupted files, and clerks being routinely...
disconnected from the system, LPA completed a performance audit in October 2014 (R-14-010). However, KDOR officials report those issues have been resolved in recent years.

**In November 2015, the department ended the DMV project before completing phase two—the driver’s license system.** Originally scheduled to be deployed by January 2012, this portion was significantly behind schedule, leading to KDOR terminating its contract with 3M in May 2014. At that time, KDOR planned to complete the driver’s license system of the DMV project in-house by November 2015, for about $2.1 million. Summary progress reports published through the Kansas Information Technology Office (KITO) described the project on hold and eventually as “stopped” by August 2015. By then, the department had “de-scoped” phase two from the DMV project, thus officially ending the DMV project.

**The KanLicense project was created to complete the driver’s license portion of the former DMV project at an estimated $6 million with a scheduled completion date of December 2017.** The KanLicense project received approval from the executive Chief Information Technology Officer (CITO) in November 2015, with a project cost of $6.1 million and a planned completion in late December 2017. According to the original KDOR project budget, the project cost is fully state-funded, including about $1.9 million in internal and $4.2 million in external costs. Those external expenditures represent contracting costs for Allied Global Services, Inc. to supplement KDOR’s in-house IT staff for the completion of this project.

K.S.A. 46-1135 directs our office to conduct continuous audits of ongoing information technology projects by state agencies, including systems development and implementation. Our primary objective is to identify, as early as possible, when a project is at risk of failure due to scope, schedule, cost, or quality problems, and to communicate that risk to the appropriate level of project leadership, legislative bodies, or other stakeholders to get those projects back on track. Our secondary objective is to evaluate whether monitored IT projects have adequately planned for the implementation of required security controls.

In February 2016, we selected the KanLicense project from a total of 21 active projects across state agencies as our first monitoring project. We chose the project for several reasons, including prior problems on the DMV project, the estimated cost of KanLicense, and its criticality for KDOR and other agencies.
Methodology and Results of Prior Monitoring Periods

<table>
<thead>
<tr>
<th>Our Quarterly Reports Evaluate the System Development and Implementation Status of the Project</th>
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<tbody>
<tr>
<td>Authorized under K.S.A. 46-1135, our audits of ongoing information technology projects evaluate the health of the project regarding system development and implementation, and the project’s adherence to relevant state statutes, Information Technology Executive Council (ITEC) policies and guidelines, Kansas Information Technology Office (KITO) templates and instructions for IT projects, and international project management standards and guidelines.</td>
</tr>
</tbody>
</table>

As part of our monitoring efforts for the most recent calendar quarter ending June 30, 2017, we reviewed project documentation, read relevant KITO reports, and attended many of the key communication meetings (steering committee, monthly status, and contractor status meetings). Lastly, we interviewed project team and steering committee members as necessary.

Due to their continuous nature, these audits are not conducted in accordance with generally accepted government auditing standards.

We provided the draft report to KDOR August 9, 2017. The department’s response is included as Appendix A.

<table>
<thead>
<tr>
<th>The KanLicense Project Was in Caution Status in Our Previous Monitoring Report</th>
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<tbody>
<tr>
<td>Our previous monitoring report included an assessment of the project’s execution activities through March 31, 2017. That report was published in July 2017.</td>
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</table>

We found several issues within scope, schedule, cost, and quality categories in our last report. The following summarizes the issues we had:

- **Scope (caution):** KDOR planned to combine both the project and its separate enhancement project due to scope changes which had taken place, schedule concerns, and redundant work given the parallel nature of the two projects. The recast project scope had not been formalized at the end of the last monitoring period.

- **Schedule (caution):** We found the contractor (MorphoTrust) had missed a second major deadline. Secondly, KDOR established new milestones for the consolidated project, but we could not evaluate whether those milestones were realistic.
• **Cost (caution):** We could not evaluate whether changes in the project's cost estimates were appropriate due to changes that combined the two projects and reduced the projects' scope.

• **Quality (caution):** We found the project suffered from several quality issues, many of which KDOR was working to remediate. We were concerned the project would have further quality concerns given the major project reorganization so close to its projected end date.
LPA Assessment of the KanLicense Project (as of June 30, 2017)

**Overall Project Status:** 

**CAUTION**

We determined the overall project health for KanLicense to be in caution status. The status is unchanged from our previous monitoring report.

We evaluate projects across four major areas—project scope, schedule, cost, and quality (primarily security). Except for quality, these areas also are tracked by the Kansas Information Technology Office, or KITO. Appendix B contains a glossary of frequently used abbreviations in this report. The scale below describes the categories we established for our assessment:

- **Satisfactory status:** The project generally meets applicable state laws, policies, and guidelines, generally complies with project management best practices, and has no material issues in scope, schedule, cost or quality.

- **Caution status:** The project does not meet several state laws, policies or guidelines, has deviations or unrealistic milestones in scope, schedule, cost, or quality, or has weak or insufficient mitigation plans for known issues which could result in project failure.

- **Unsatisfactory status:** The project is not in compliance with many state laws, policies or requirements, or has scope, schedule, cost, or quality deviations that are sufficiently material and no mitigation plans, thus causing the project to be at significant risk of failure.

*Figure 1-1* on the next page provides a summary of our findings for this reporting period. As the figure shows, several items are informational in nature. These items provide context to problem findings or relate to problems which are not specific to the KanLicense project. The remainder of the report provides additional information about our assessments in the four main project management areas.
We determined the project scope for KanLicense to be in caution status. This status is unchanged from our previous monitoring report.

During the previous quarter, KDOR initiated significant scope changes to the project (informational). A technical review issued in February 2017 identified many serious issues which jeopardized the project’s health and concluded it was not possible to complete the entire scope for KanLicense and its complementary enhancement project by December 2017. The review also warned the project budget may run out before the planned completion date (December 31, 2017). As a result, KDOR planned several scope changes to mitigate risk.

During this quarter, the project scope for the KanLicense project has changed several times (caution). After the concerns
in the February 2017 technical report, the project’s steering committee decided to combine KanLicense and its enhancement project, but to eliminate several planned improvements, including the sanctions engine and fraud portion. In June 2017, the committee decided to add the sanctions engine component back into the project scope. The committee added separate milestones for the sanctions engine to help the committee monitor progress on this work. For example, user acceptance testing is set to be completed November 30, 2017 (one month until the system is scheduled to go into production). However, we think adding a considerable amount of work with only six months until project completion increases the risk the project will not get completed on time.

By the end of this quarter, KDOR submitted a revised KanLicense project plan to KITO for approval that does not yet reflect all the changes (informational). The new plan formalized the major scope change of adding the cashiering component. However, because the steering committee approved the change request for the added sanctions engine enhancement late in the quarter, the submitted project plan did not include the extra work and increased cost for that scope enhancement. KITO officials have provided feedback on the recast project documents to KDOR, but have not yet approved the revised project plan. The project manager told us he will provide a revised plan with the added sanctions engine component and cost to KITO during the next quarter.

Project Schedule:

CAUTION

We determined the project schedule for KanLicense to be in caution status for the quarter ending June 30, 2017. This status is unchanged from our previous monitoring report. We think there is a risk the project will not meet its completion date. Our concerns are outlined below.

**KDOR has experienced delays on some of its newly established milestones (caution).** One milestone was completed around two weeks past its deadline. Two other milestones have been completed on schedule, but they have been accepted with exceptions. This means staff still had to complete certain components of those milestones later, which makes it harder to track outstanding work, and reduces the usefulness of the milestones. We are concerned that the project cannot meet its planned completion deadline if scheduled work within particular milestones is delayed.
A key contractor (MorphoTrust) did not meet its contract deadlines for several deliverables, which threatens KDOR’s timeline for completing the project on time (caution). The department contracts with MorphoTrust to produce drivers’ licenses and identification cards. Figure 1-2 below provides more information about the necessary coordination between the contractor’s periodic equipment upgrades and the KanLicense project. During the previous quarter, MorphoTrust delivered equipment with technical problems which prevented KDOR from starting its testing phase. Problems with getting the contractor’s equipment and software to work within KDOR’s network environment continued throughout this quarter. MorphoTrust compressed its own testing timeframe from two months to one month to catch up with their deadlines. Additionally, MorphoTrust also replaced its program manager, increased communication, and sent staff to Kansas for extended periods to more actively troubleshoot functionality and connectivity problems and alleviate KDOR officials’ concerns.

Figure 1-2
KDOR’s Latest Contract with MorphoTrust Includes Specific Milestones Related to the KanLicense Project

KDOR contracts with MorphoTrust to provide necessary equipment to produce drivers’ licenses and identification cards. The department first contracted with MorphoTrust in 2009 and has continually renewed the agreement since then. The latest contract renewal was signed in May 2016 and includes a requirement to update the state’s drivers’ license card design. Additionally, the contract establishes a number of deliverables and milestones to ensure necessary software and hardware upgrades to MorphoTrust’s drivers’ license equipment work with KDOR’s KanLicense system development. Specifically, the contract includes four phases to integrate the new MorphoTrust equipment with the KanLicense project as follows:

- Create a web service interface environment to test the KanLicense features with current MorphoTrust equipment. This phase started May 2016 and runs through November 2017.
- Upgrade contractor software and hardware upgrades across the drivers’ license offices (‘front office’ upgrade). This phase started May 2016 and is scheduled to be completed by the end of August 2017.
- Replace the “back office” systems with a new back office system. This was planned from January through October 2017.
- Final testing and gradual rollout. In this last phase, the KanLicense system is scheduled to go live with new MorphoTrust software, workstations, and upgraded back office hardware by December 2017.

Although concurrent and integrated with KDOR’s KanLicense project, the cost of this nine-year, $30 million contract is not part of the KanLicense project cost. That is because the contract would have been executed regardless to ensure KDOR can continue to provide drivers licenses to Kansans (although the specific KanLicense integration requirements would not have been necessary). The contract cost is based on a per-license cost over the duration of the agreement, and KDOR officials stated the per-license cost decreased from the previous contract.
As a result of the issues and remediation efforts, the steering committee delayed the MorphoTrust integration milestone (due next quarter) by about 10 days. Nevertheless, we are concerned that additional schedule issues will arise if the MorphoTrust integration with KanLicense does not go smoothly.

**KDOR has agreed to allow MorphoTrust to delay certain upgrades until after KanLicense is completed, to help ensure the project is completed on time (caution).** The agency’s project manager told us the delayed deliverables included server and infrastructure upgrades (so-called “back-office” upgrades) that would not affect the implementation of the KanLicense project. This allows the contractor to focus on critical deliverables necessary to complete the KanLicense project on time. However, as explained in Figure 1-2 on the previous page, the original agreed-upon milestones relied on these upgrades to be completed before KanLicense is rolled out. There is a potential risk that delaying this portion of the work could jeopardize the successful roll-out of the KanLicense project, or could result in functionality issues after the system is in use.

**The new milestones have the new KanLicense project “go live” by early January (informational).** The project was originally planned to be deployed by the end of December 2017. Because of the holidays and staff shortages around that time, the steering committee decided to adjust the full rollout to January 3, 2018. The steering committee appropriately discussed and approved this minor deviation from the original deadline.

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**Project Cost:**

**SATISFACTORY**

We determined the project cost to be satisfactory which is an improvement from our previous monitoring report.

**The current KanLicense project is estimated to cost $8.6 million from the previous $6.4 million (satisfactory).** This increased cost estimate reflects additional costs for components (such as cashiering) which were originally part of the separate $3.4 million enhancement project. As discussed previously, the revised project plan that KITO received did not incorporate $366,500 for the sanctions engine because the scope enhancement was approved at the end of the quarter. The project’s estimated cost does not include other potential enhancement components, such as fraud-detection. If the department desires to make that improvement to the system later, and those costs exceed the $250,000 threshold, staff will need to seek approval for a separate IT project through KITO.
KDOR revised its contract with Allied Global Services (AGS) to guard against further cost uncertainties (satisfactory). The department utilizes IT staff from AGS to supplement its internal IT staff resources for this project. During this quarter, KDOR and AGS amended the contract so fees which were previously charged on an hourly basis are now linked to the completion of key milestones. This change should substantially lower the risk that KanLicense will experience significant budget increases for the remainder of the project.

As is the case for all KITO-approved IT projects, the project does not budget for costs associated with staff who spend less than 50% of their time on the project (informational). Because the state’s planning guidelines only require agencies to include staff costs when they are associated with a project at least 50% of the time, reports may understate project cost. For example, as of June 30, 2017, the KanLicense project had around $2.5 million of budgeted work remaining, about $80,000 of which represented internal employee costs. That is because many KDOR employees associated with KanLicense spend less than half their time on KanLicense, so their work efforts and salary costs are not counted. As a result, the full cost of this project is higher than budgeted or reported.

Because this affects all IT projects that are subject to ITEC reporting, we do not expect the agency to take any action. However, we want to continue to point out that this means that many KITO-approved IT projects are possibly underreporting the total costs of the projects to the legislature.

**Project Quality:**

**SATISFACTORY**

We determined the project quality to be in satisfactory status which is an improvement from our previous monitoring report.

**Project staff continued to make progress completing a security plan during this quarter (satisfactory).** During this monitoring period, agency staff have made progress and completed more sections of the plan. Working on a security plan while the application system is created allows necessary features to be “built in” rather than having to be “bolted on” at the end (often resulting in security solutions that cost more or are missing important security features). We will continue to monitor this aspect of the project during the next monitoring period to ensure IT security efforts continue to make progress.
APPENDIX A

Agency Response

On Wednesday, August 9, 2017, we provided copies of the draft audit report to the Department of Revenue. The agency generally concurred with our assessment. Its response is included as this Appendix. Following the agency’s written response is a table listing the department’s specific implementation plan for LPA finding.
August 28, 2017

Scott Frank
Legislative Post Audit
800 SW Jackson St. Ste. 1200
Topeka, KS 66612

Dear Mr. Frank:

We want to thank Ms. Katrin Osterhaus and her team for their continued professionalism and cooperative approach in preparing the most recent IT Monitoring Report on the KanLicense Project.

The KanLicense project was recast with fixed-bid milestone deliveries associated with a cost. The cost has been contractually approved and the deliverable has established entrance and exit acceptance criteria. The project has successfully accomplished many project milestones, leading to a positive turn-around during the second quarter of 2017. We have re-incorporated the Sanctions Engine functionality into the project due to the progress made and the many benefits.

The Steering Committee continues to meet weekly and monitors progress very closely. The KanLicense project was originally planned to be launched on December 31, 2017. Due to the time of the Holidays it was decided to move the launch date to January 3, 2018.

Again, we thank you and the audit team and look forward to our continued shared efforts to bring about a successful implementation of the KanLicense Project.

Sincerely,

Lisa Kaspar
## Itemized Response to LPA Recommendations

**IT Project Monitoring Report - Kansas Department of Revenue KanLicense IT Project**  
Quarter Ending June 30, 2017

<table>
<thead>
<tr>
<th>LPA FINDING</th>
<th>Agency Action Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1</strong> SCOPE - During this quarter, the project scope for the KanLicense project has changed several times (caution).</td>
<td>The feature to automate Sanction Rules was removed from the KanLicense program scope during the February 2017 assessment. This was a cautionary measure to lower the risk and protect the KanLicense target launch date of January 3, 2018. The KanLicense Sanctions Engine FlexRules milestones were re-established during a June 2017 scope change meeting with the steering committee team and Allied Global Services (AGS). During the meeting, cost, resourcing, and scheduling were all major concerns and questions were asked and answered. The steering committee agreed to move forward with the change request to re-engage the sanctions rule engine automation. The Program Manager presents weekly reasons/progress for any of the missed scheduled dates and has an 'at risk' and action plans prepared several weeks prior to the scheduled date completion.</td>
</tr>
</tbody>
</table>

### KanLicense Sanction Engine FlexRules Milestone Update  

<table>
<thead>
<tr>
<th>#</th>
<th>Name</th>
<th>Scheduled Date ↔ Signed Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Re-introduce the Sanction Rules Engine scope into KanLicense Program</td>
<td>6/15/2017 ↔ 8/15/2017</td>
</tr>
<tr>
<td>2</td>
<td>Final sign off on Use Cases/UX screens for all the Sanctions requirements</td>
<td>7/15/2017 ↔ 7/17/2017</td>
</tr>
<tr>
<td>3</td>
<td>Completed and signed amendment to the KDOR/AGS Memo Of Agreement</td>
<td>7/31/2017 ↔ 7/31/2017</td>
</tr>
</tbody>
</table>

| **2** SCHEDULE - KDOR has experienced delays on some of its newly established milestones (caution). | KanLicense milestones were established during the February 2017 assessment period and were cautiously aggressive, but agreed upon by the steering committee team members. Several of steering committee members are required to sign and approve each milestone. The steering committee meets weekly to review each milestone and discusses the critical dependencies of each milestone and those missing their scheduled date. In some cases, team members were out of town, or needed a few extra days to confer with their teams or holiday weekends pushed the scheduled date out a few days. The Program Manager presents weekly reasons/progress for any of the missed scheduled dates and has an 'at risk' and action plans prepared several weeks prior to the scheduled date completion. |

### KanLicense Milestone Update  

<table>
<thead>
<tr>
<th>#</th>
<th>Name</th>
<th>Scheduled Date ↔ Signed Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>True up UI screens with use cases/Gap Analysis</td>
<td>4/1/2017 ↔ 4/4/2017</td>
</tr>
<tr>
<td>2</td>
<td>DL Issuance complete (Excluding Morpho)</td>
<td>6/1/2017 ↔ 6/2/2017</td>
</tr>
<tr>
<td>3</td>
<td>DL Solutions complete (Excluding Interfaces)</td>
<td>6/1/2017 ↔ 6/1/2017</td>
</tr>
<tr>
<td>4</td>
<td>Morpho Integration complete</td>
<td>7/1/2017 ↔ 7/6/2017</td>
</tr>
<tr>
<td>5</td>
<td>Celtic Integration with Cashiering</td>
<td>7/1/2017 ↔ 6/30/2017</td>
</tr>
<tr>
<td>6</td>
<td>Integration with @Work Complete</td>
<td>6/1/2017 ↔ 6/30/2017</td>
</tr>
<tr>
<td>7</td>
<td>All external agency to agency interfaces complete</td>
<td>6/30/2017 ↔ 6/30/2017</td>
</tr>
<tr>
<td>8</td>
<td>Data scrubbing and data migration complete</td>
<td>7/15/2017 ↔ 7/24/2017</td>
</tr>
</tbody>
</table>

| **3** SCHEDULE - A key contractor (MorphoTrust) did not meet its contract deadlines for several deliverables, which threatens KDOR’s timeline for completing the project on time (caution). | MorphoTrust (MT) KanLicense Card milestones were re-assessed during the second quarter of 2017. In June, 2017, representatives of MorphoTrust and Kansas Department of Revenue participated in a teleconference to discuss progress the parties were making towards improvement of the State’s credentialing issuance system. At that teleconference, the parties agreed that they would proceed with Work Stream #3 (i.e., new hardware and software refresh) as the integration point between MorphoTrust and the KanLicense Solution in order for the parties to achieve a January 3, 2018 date for Go Live of the KanLicense Solution. |

### MorphoTrust (MT) KanLicense Card  

<table>
<thead>
<tr>
<th>#</th>
<th>Name</th>
<th>Scheduled Date ↔ Approved Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>MT Integration Testing Completed (WS #1)</td>
<td>6/26/2017 ↔ 7/6/2017</td>
</tr>
<tr>
<td>2</td>
<td>New DLID Card Releases (WS #2)</td>
<td>8/1/2017 ↔ 7/31/2017</td>
</tr>
<tr>
<td>3</td>
<td>Equipment Refresh of HW/SW Alpha roll-out Started (WS #3)</td>
<td>8/11/2017 ↔ 8/11/2017</td>
</tr>
<tr>
<td>4</td>
<td>Bi-Directional web services development Completed (WS #4)</td>
<td>8/18/2017 ↔ 8/18/2017</td>
</tr>
<tr>
<td>5</td>
<td>Equipment Refresh of HW/SW Beta roll-out Started (WS #3)</td>
<td>8/25/2017 ↔ 8/25/2017</td>
</tr>
</tbody>
</table>
Itemized Response to LPA Recommendations

IT Project Monitoring Report - Kansas Department of Revenue KanLicense IT Project
Quarter Ending June 30, 2017

<table>
<thead>
<tr>
<th>LPA FINDING</th>
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| 4 SCHEDULE - KDOR has agreed to allow MorphoTrust to delay certain upgrades until after KanLicense is completed, to help ensure the project is completed on time (caution). | For the MorphoTrust (MT) Work Stream #4, MT will deliver to KDOR a complete back office server upgrade that includes updated central server applications, new central servers' hardware, and a new disaster recovery site installation with real time replication synchronization with the primary site.

   Phased Deployment Approach
   The back office upgrades described in the Work Stream #4 documentation set will be deployed by MorphoTrust into the KDOR environment over two phases. Phase 2 will be deployed after phase 1. The two phases cover the following updates that MorphoTrust will make to the KDOR DLIIS environment:
   Phase 1 (Deliver by 1/3/2018)
   1. Update of the MorphoTrust Image Server web server application to include web service integration with the KDOR KanLicense system.
   2. Continued support of the current print stream interfaces with KDLS.
   3. Update of the Facial Recognition Server from version 4.2 to version 4.10.
   4. Deployment of 2 Facial Examiner Workstation (FEW) software packages on KDOR selected workstations.
   5. KDOR users who access MorphoTrust central server will be authenticated by KDOR Active Directory. An Active Directory Trust was setup as part of work stream 3 and KDOR AIO users are already migrated.
   Phase 2 (Deliver by end of 1st Quarter 2018)
   2. Virtualization of the server applications environment.
   4. Installation for a disaster recovery site at a KDOR provided data center facility.
   5. Addition of multi-tenant search feature to the Facial Recognition System.
APPENDIX B

Glossary of Frequently Used Terms and Abbreviations

The following list contains various abbreviations and a definition of those terms.

- **CITO - Chief Information Technology Officer.** K.S.A 75-7205 through K.S.A. 75-7207, established a CITO for each of the executive, judicial, and legislative branches of government. The respective CITO reviews and consults with each their branch agencies regarding information technology plans, monitors compliance with all information technology policies, and coordinates implementation of new information technology, among other duties.

- **DMV - Division of Motor Vehicles.** The Motor Vehicles Program administers Kansas law relating to vehicle titling and registration, motor vehicle dealer licensing, and driver’s licenses. The Division of Vehicles has three subprograms which include Administration, Vehicle Services, and Driver Services. The Administration subprogram oversees policy and procedure to ensure a safe, fair and equitable customer service atmosphere for Kansas citizens.

- **ITEC - Information Technology Executive Council.** The 17-member Information Technology Executive Council is responsible for approval and maintenance of all information technology policies, IT project management procedures, the statewide technical architecture, and the state's strategic information management plan.

- **KDOR - Kansas Department of Revenue.** The Department is a Kansas Cabinet-level agency and is responsible for collecting taxes and fees, administering Kansas tax laws, issuing a variety of licenses, and providing assistance to Kansas citizens and local governments.

- **KITO - Kansas Information Technology Office.** KITO supports the statutory responsibilities of the Executive, Judicial, and Legislative Branch CITO{s and the state’s Chief Information Technology Architect by providing enterprise services across state government.

- **SPI - Schedule Performance Index.** A measure of schedule efficiency expressed as the ratio of earned value (how much work has been completed by a certain date) to planned value (how much work was supposed to have been completed by that date).
### APPENDIX C

**JCIT Project Measurement Guidelines**

JCIT Policy 2, approved by the committee in 1998, establishes specific measures to evaluate state projects in active status. The table below enumerates those measures.

<table>
<thead>
<tr>
<th>Area</th>
<th>JCIT threshold</th>
<th>Condition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Critical Path</td>
<td>10%-20% behind schedule</td>
<td>The project will be considered in a caution status</td>
</tr>
<tr>
<td>Critical Path</td>
<td>20% or more behind schedule</td>
<td>The project will be considered in a red or alert status.</td>
</tr>
<tr>
<td>Task Completion Rate</td>
<td>Completion rate of 80%-90%</td>
<td>The project will be considered in a caution status</td>
</tr>
<tr>
<td>Task Completion Rate</td>
<td>Completion rate of 80% or less</td>
<td>The project will be considered in a red or alert status.</td>
</tr>
<tr>
<td>Deliverable Completion Rate</td>
<td>Completion rate of 80%-90%</td>
<td>The project will be considered in a caution status</td>
</tr>
<tr>
<td>Deliverable Completion Rate</td>
<td>Completion rate of 80% or less</td>
<td>The project will be considered in a red or alert status.</td>
</tr>
<tr>
<td>Cost</td>
<td>10%-20% deviation from plan</td>
<td>The project will be considered in a caution status</td>
</tr>
<tr>
<td>Cost</td>
<td>20%-30% deviation from plan</td>
<td>The project will be considered in a red or alert status.</td>
</tr>
<tr>
<td>Cost</td>
<td>30% or more deviation from plan</td>
<td>If costs are 30% higher than planned, serious consideration should be given to stopping the project. JCIT should find specific approval of the agency head and approval of a rationale that strongly supports continuation of the project. JCIT should consider recommending that an independent 3rd party be obtained to conduct a project review and make recommendations to the agency head and JCIT regarding causes for the project deviation from plan, corrective actions needed, expected outcomes, and whether the project the project should be continued.</td>
</tr>
<tr>
<td>Actual vs. Planned Resources</td>
<td>Deficiency gap of 15%-20%</td>
<td>The project manager should be acting with the project sponsor to correct this condition. For some projects, the impact of this level of deficiency may be greater than indicated and be reflected in the other measures as well.</td>
</tr>
<tr>
<td>Actual vs. Planned Resources</td>
<td>Deficiency gap of 20%-25%</td>
<td>There should be a plan to show a compensatory change in resources or a plan to reduce the scope, costs and objectives for the project with approval of the agency head. For some projects, the impact of this level of deficiency may be greater than indicated and will be reflected in the other measures as well.</td>
</tr>
<tr>
<td>Actual vs. Planned Resources</td>
<td>Deficiency gap of 25% or more</td>
<td>A deficiency of this magnitude places project in jeopardy and 3rd party review should be considered if the impact is reflected in other measures. The project should not be permitted to drift awaiting a compensatory resources plan or a new reduced project scope plan. If a new project plan is developed, the new financial plan, return on investment and objectives to be achieved must recalculated and presented for review as well.</td>
</tr>
</tbody>
</table>
This table includes quarterly statistics for the KanLicense project based on our review of internal project management reports for the quarterly time periods from March 31, 2016 through June 30, 2017. The initial project cost was $6.1 million and the project was planned for completion by December 27, 2017.

<table>
<thead>
<tr>
<th>Calendar Year Quarter ending</th>
<th>3/31/2016</th>
<th>12/31/2016</th>
<th>3/31/2017 (a)</th>
<th>6/30/2017 (b)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost Baseline - the approved version of the project budget.</td>
<td>$6,629,524</td>
<td>$6,438,167</td>
<td>(a)</td>
<td>$8,204,218</td>
</tr>
<tr>
<td>Planned Value (PV) - the authorized budget assigned to scheduled work (also known as Budgeted Cost of Work Scheduled)</td>
<td>$4,386,321</td>
<td>$4,652,495</td>
<td>(a)</td>
<td>$6,497,524</td>
</tr>
<tr>
<td>Earned Value (EV) - the measure of work performed expressed in terms of the budget authorized for that work (also known as Budgeted Cost of Work Performed)</td>
<td>$2,438,435</td>
<td>$4,424,359</td>
<td>(a)</td>
<td>$6,502,975</td>
</tr>
<tr>
<td>Actual cost (AC) - the realized cost incurred for the work performed on activity during a specific time period.</td>
<td>$2,302,664</td>
<td>$4,068,233</td>
<td>(a)</td>
<td>$6,352,439</td>
</tr>
<tr>
<td>Schedule variance (SV) - a measure of schedule performance expressed as the difference between the earned value and the planned value.</td>
<td>($1,947,886)</td>
<td>($228,136)</td>
<td>(a)</td>
<td>$5,452</td>
</tr>
<tr>
<td>Schedule Performance Index (SPI) - a measure of schedule efficiency expressed as the ratio of earned value to planned value (a ratio of 1.0 or better is good).</td>
<td>0.56</td>
<td>0.95</td>
<td>(a)</td>
<td>1.00</td>
</tr>
<tr>
<td>Cost Variance (CV) - the amount of budget deficit or surplus at any given point in time, expressed as the difference between earned value and actual cost.</td>
<td>$135,772</td>
<td>$356,126</td>
<td>(a)</td>
<td>$150,536</td>
</tr>
<tr>
<td>Cost Performance Index (CPI) - a measure of the cost efficiency of budgeted resources expressed as the ratio of earned value to actual cost (a ratio of 1.0 or better is good).</td>
<td>1.06</td>
<td>1.09</td>
<td>(a)</td>
<td>1.02</td>
</tr>
</tbody>
</table>

(a) The project was undergoing major changes, and we did not have sufficient data to evaluate schedule or cost statistics this quarter.
(b) These statistics are based on the documentation sent to KITO and do not include the planned $350,000 for the sanctions engine component.