

# Office of Inspector General

**Project Management**

**04-02**



*September 9, 2004*

**Farm Credit Administration**

Office of the Inspector General  
Farm Credit Administration  
1501 Farm Credit Drive  
McLean, Virginia 22102-5090

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September 9, 2004

The Honorable Nancy C. Pellett  
Chairman of the Board and  
Chief Executive Officer  
Farm Credit Administration  
1501 Farm Credit Drive  
McLean, Virginia 22102-5090

Dear Mrs. Pellett:

The Office of the Inspector General completed an inspection of Project Management. The objective of this inspection was to compare FCA's project management for the implementation of financial systems (Momentum Financial Management System and Travel Manager) to best practices. We selected these projects for inspection because the financial management system is critical to FCA's operations and the systems represent two of the agency's largest technology investments. The inspection followed the President's Council on Integrity and Efficiency Quality Standards for Inspections. We conducted fieldwork during July and August.

We found that many important elements of sound project management were missing in the projects which resulted in delayed implementations. We conclude these important projects need to be reevaluated and more closely monitored. We also found FCA is not fully prepared to comply with Federal Travel Regulations regarding E-Travel. The attached report provides 5 recommendations which can serve to improve the management of these projects. Further, the lessons learned can be applied to the FCA's future large scale projects. The Audit Liaison responded to the draft report (see Appendix 3) indicating that the Chief Information Officer is convening an evaluation team to provide an appropriate and cost effective approach for the agency on the issues raised. We view this as a positive first step towards addressing the recommendations.

I would be pleased to meet with you and discuss the report at your convenience.

Respectfully,

Stephen G. Smith  
Inspector General

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## BACKGROUND

The Farm Credit Administration (FCA or Agency) is an independent Federal financial regulatory agency. As part of the executive branch of the U.S. Government, FCA has regulatory, examination, and supervisory responsibilities for the Farm Credit System (System) banks, associations, and related entities. Initially created by the Executive Order of the President in 1933, FCA now derives its powers from the Farm Credit Act of 1971, as amended (Act). FCA employs fewer than 300 people, with its mission to ensure a safe, sound, and dependable source of credit and related services for agriculture and rural America.

The Office of the Inspector General (OIG) is an independent office within the FCA. The OIG is responsible for planning, conducting, and overseeing audits, inspections, investigations, and reviews of the Agency's programs and operations. Findings and recommendations are made as a result of these reviews with the goal of improving the overall efficiency of the Agency.

The OCFO is the main office responsible for the project management of the financial systems. OCFO provides financial management services to the FCA in the areas of accounting, budgeting, employee and vendor payments, cash management and investments, management reporting and external reporting to oversight agencies, Congress and other customers as appropriate.

### Project Management

Project management is the application of knowledge, skills, tools and techniques to a broad range of activities to meet the requirements of the particular project. It is a crucial element in implementing any system or service, especially one involving a high investment in information technology, to support implementation with solid project management. Successful project management involves effective management of the following knowledge areas:

1. Scope management—defining and managing all work required to successfully complete the project.
2. Time management—ability to complete the project in a structured timeframe.
3. Cost management—preparing and managing a budget for the project and managing costs throughout the project's life.
4. Quality management—ensuring the project will satisfy stated or implied needs of the organization and its stakeholders.
5. Human resources management—making effective use of people to complete the project. This area involves delegating the most qualified, skilled person(s) to a specific task of the project to ensure the project is implemented effectively.
6. Communications management—generating, collecting, disseminating, storing project information to all stakeholders.
7. Risk management—identifying, analyzing, and responding to risks.
8. Procurement management—acquiring or procuring goods and services that are needed from outside the organization.
9. Project integration management—overarching function that affects and is affected by all other knowledge areas. The collaborative effort of all the knowledge areas in executing the project.

Project management is key for today's rapidly changing environment. Traditional means of managing new processes cannot adequately deal with the chaos experienced in today's working environment. Using project management best practices is the best way to handle such an evolving environment. This report provides background information and project management analysis of two FCA projects, Momentum Financial Management System and Travel Manager.

## **History of Financial Management at FCA**

Prior to the current outsourcing of financial management services, FCA used in-house resources to implement, operate, and enhance its financial management system. During the 1990's, many different financial management systems were implemented and used, some of which were too complex or inadequate at meeting the Agency's financial management needs. As a result, FCA decided to outsource this service and completed implementation of the Federal Financial System (FFS) on schedule in June 2001.

FFS is a major application that supports FCA's entire core accounting functions including, budget execution, accounts payable, disbursements, purchasing, travel, accounts receivable, general ledger, document tracking, project cost accounting, and external reporting. It is a general mainframe computer financial management system and is owned and maintained by American Management Systems, Inc. (AMS). Many federal agencies have purchased FFS due to its reputation as a reliable and functionally robust system.

Access to the FFS software was obtained through a cross-servicing agreement with the Department of the Interior's (DOI) National Business Center (NBC). FCA did not purchase the software, but instead obtained access through licenses the NBC had purchased and made available to its cross-serviced customers.

In the late 1990's, AMS released a technologically enhanced financial management system called Momentum Financials. Since Momentum would be its primary financial management tool, AMS announced in March 2003 it would no longer be providing future releases (product updates) to FFS and would stop providing maintenance service to FFS sometime during the 2004-2005 timeframe. All upgrades and maintenance to FFS would now be the responsibility of each individual client, resulting in significantly higher costs.

In addition, by the end of 2003, FFS no longer met certification requirements. In the late 1990's, the Office of Management and Budget (OMB) required that the Joint Financial Management Improvement Program (JFMIP) certify financial management software before a Federal agency could purchase the software. This certification signifies financial management software as being compliant with core financial management systems requirements. The FFS was eventually certified as compliant. However, with Momentum as its new product, AMS decided not to seek re-certification of the FFS by JFMIP when the certification expired. AMS believed FFS was not worth certifying since its technology was now considered outdated and did not support OMB Circular A-130 and other security requirements. The aged system also required extensive work-arounds, maintenance, and increasing manual effort to conduct annual audits and generate required accountability reports.

The CFO perceived an immediate need for FCA to update its financial management system. In choosing a financial management system, FCA faced several alternatives. In the end, the Agency decided to convert to Momentum. According to the Office of the Chief Financial Officer (OCFO), Momentum would provide the best service for several reasons including key cost savings and compatibility advantages. FCA reprogrammed its budget at the end of fiscal year 2003 in order to purchase Momentum. Implementation of Momentum was projected to cost \$950,000. The five-year cost of Momentum is projected to be \$7,067,645.

## History of Travel Management at FCA

Travel Management in its earliest days was a paper-based process. Employees designated to go on travel filled out paperwork to authorize travel plans and make airline, hotel, and rental car reservations. In addition, travelers filled out vouchers upon their return to receive reimbursements for their travel expenses. With travel as a manual process, several inefficiencies arose, primarily time delays in reimbursing employees.

Five different Travel Management Centers also caused some inefficiency with the travel process. A Travel Management Center (TMC) is an entity that serves as a medium through which employees make travel reservations. Since there were several TMCs through which the paperwork was being sent, it was extremely difficult to track the paperwork, for example, in a case where there was an error in the data entered.

FCA management took action to improve the process. In January 2000, FCA consolidated the five TMCs into one TMC, now known as SATO. In March 2002, the Agency began implementation of an online booking tool called Fed Trip to streamline the travel process. Full implementation of Fed Trip was completed in June 2002. These two alterations improved the travel process through reduced time delay, less paperwork, and made the tracking of travel activities easier.

In October 2000, FCA purchased Travel Manager. Travel Manager 8.0 is a web-based solution designed to further streamline the travel process. This service is provided to the FCA through an Interagency Agreement (IA) with NBC. To date, FCA has spent \$343,189 on Travel Manager, excluding the cost of staff time. Cost of staff time is not available because Travel Manager was not set up as a project in the Time Tracking System.

Currently, FCA is in the process of upgrading to Travel Manager 8.2. According to OCFO's list, approximately 67% of Agency employees (210 out of 315<sup>1</sup>) are using Travel Manager 8.0 for the travel process (our Travel Manager survey, as explained later, indicates this figure is inaccurate). These employees will convert, along with the other 33% not using 8.0, to 8.2 once the new version is ready for implementation. This new version is expected to satisfy several usability complaints made by travelers using 8.0.

## OBJECTIVE AND SCOPE

The objective of this inspection was to review FCA's project management and evaluate these efforts against project management best practices. This inspection was conducted according to the President's Counsel on Integrity and Efficiency "Quality Standards for Inspections." Our review included: 1) conducting background research on project management to determine best practices; 2) obtaining information on FCA's Financial and Travel Management Systems; and 3) communicating with project managers and relevant stakeholders to determine the status of implementation of each system.

The scope of the inspection was limited to reviewing the implementation and project management of Momentum Financial Management System and Travel Manager. We researched authoritative guidance on best practices in project management. We reviewed project plans, budget and expense information, and all available correspondence relating to the implementation of each

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<sup>1</sup> FCA employs 289 full-time, 3 part-time and 2 intermittent employees. However, this figure also includes 21 interns.

system. We interviewed people involved in the projects and we conducted a survey of Travel Manager users.

The entrance conference was held on June 9, 2004 and fieldwork was conducted from June 10 through July 6, 2004. The draft report was forwarded for management review on August 3, 2004. The exit conference was held on August 11, 2004.

## FINDINGS AND RECOMMENDATIONS

### Summary

Overall, the project management of Momentum Financial Management System and Travel Manager were below standards. While there were some unavoidable technical issues causing delay in the implementation, there were other inefficiencies present that could have been prevented through better project management. The implementation of each system is severely off course and neither project is in sequence with original project plans. Both Momentum and Travel Manager lack sufficient authoritative support for their costs. As a result, we question over \$250,000 of expenditures associated with implementing these systems -- \$174,161 for Travel Manager and \$89,000 for Momentum. The OIG recommends both projects be stopped and reevaluated before further implementation.

The following table presents a brief summary of our findings on project management.

Knowledge Area	Momentum	Travel Manager
Scope Management	No	No
Time Management	No	Neutral
Cost Management	No	No
Quality Management	No	Neutral
Human Resources Management	No	Neutral
Communications Management	No	Neutral
Risk Management	No	No
Procurement Management	Neutral	Neutral
Project Integration Management	No	No

A more detailed version of the chart above, outlining the best practices of each knowledge area, can be found in the appendix. The analysis from this table is explained below and is broken down into each of the nine knowledge areas.

### Scope and Time Management

Scope and time management are closely correlated. For example, as the scope of a project is expanded, the time it takes to finish the project will likely be expanded as well. Therefore, it is necessary to discuss these two knowledge areas together. In implementing both Momentum and Travel Manager, the scopes of both projects have expanded since they were first initiated. And as a result, the time it has taken for each system to be fully implemented has expanded as well.

Implementation of Travel Manager is ongoing—over four years since it was originally purchased. This is the case for several reasons. According to OCFO staff, with an outdated financial system at that time, it placed priority on implementing FFS. Another reason for the delay, however, was inefficient project management. For example, Travel Manager was purchased prior to the development of a comprehensive project plan.

For Momentum, full implementation was originally expected to be complete June 2004. This date is now pushed back a year to June 30, 2005. According to OCFO staff, the original project plan and due date were created by NBC and NBC made the project schedule too aggressive. The schedule was aggressive because there were certain aspects of FCA's financial system that NBC did not account for in making the plan.

### ***Vague project plans***

While some of the above examples reveal unavoidable issues causing delay, the planning process is also a reason for the scope creep and time delays. The overall project plans for both Momentum and Travel Manager are vague and not in line with project management best practices. The plans do list tasks to be done, start and finish dates, percentage completion of each task, but do not go into much more detail. Project task dates are not continuously updated, so it is unclear in looking at the plan where the project stands in its implementation.

It is typical of any project to experience scope creep and time delays, as these two projects have experienced, without adequate planning. Inadequate planning contributed to it taking over four years to implement Travel Manager. It also contributed to the full implementation of Momentum being delayed for a year.

Better project management practices should have been in place to make the implementation process more efficient. The most important step in project management is the planning stage. A well outlined, organized, and detailed project plan is evidence of good project planning. Without a defined project plan from the beginning, achieving the goals of a project in a timely fashion is nearly impossible.

### ***Finalizing project plans necessary prior to expending funds***

During two interviews with OCFO staff, we asked them whether a project plan for each system was created before expending Agency funds on each system. Neither the project manager nor the CFO could initially declare a specific time period when the original project plans were created. Furthermore, they could not disclose whether project plans were created before money was spent on the systems. After a week of compiling information, OCFO determined the original project plan for Momentum was created (but not finalized) October 21, 2003. The OCFO never determined the date of the original project plan for Travel Manager.

In 1999, Planning Technologies Incorporated (PTI), a contractor for OIG, conducted an audit on FCA's Information Technology Infrastructure. Prior to the audit, the process for purchasing new technology required the requesting department to include the request in its Information Resources Management (IRM) plan. The IRM Operating Committee (IRMOC) would then meet to approve the preliminary IRM plan for the entire Agency. In the audit, PTI recommended that a project implementation plan be created and submitted along with the request before any technological purchases could be approved. This would ensure any technology being considered would have a start and finish date with assigned resources prior to approval. It would also allow for staff and user

expectations and timeliness to be discussed while considering the technology. Management agreed to this recommendation.

Spending money on a project without a finalized project plan lacks solid project management foundation. Project management best practices are firm on creating and finalizing project plans before approving and beginning a project. In addition, as a result of the PTI audit, standard procedures for the IRMOC require a project plan before technological purchases can be approved.

In a memo from OCFO to OIG, dated March 11, 2004, OCFO stated that approximately \$89,000 had been expended on Momentum through February 29, 2004, but that no Momentum project plan had been finalized at that time. This action goes against both Agency policy and project management best practices. Accordingly, these costs are unsupported.

- 1) ***Recommended Action—For large projects, the CIO and the IRMOC should require managers to submit defined project plans to the IRM Operating Committee for review and concurrence. Before approving the plan, the IRMOC should ensure it contains:***
  - a. ***An overview of the project—a defined scope, description, stakeholders, deliverables***
  - b. ***Organizational structure of the project—delegating resources and responsibilities***
  - c. ***Communication plan—what gets communicated to whom and who is responsible for communication***
  - d. ***Detailed contingency plan outlining how to handle risks and changes in a project when they arise***
  - e. ***Detailed project schedule***
  - f. ***Budget and cost estimates for each task***
  - g. ***Provisions for reporting to the IRMOC on progress and changes in project plans.***

## **Cost Management**

Weak internal controls in budget and cost management have hindered the implementation of Momentum. The following are some examples found during the inspection:

- The OCFO did not barcode the hardware equipment purchased for Momentum. Hardware and software was funded under the IA with NBC but was not recorded on FCA's books. The OCFO staff was confused about the ownership of the equipment. Initially, OCFO stated OCIO was responsible for bar coding the equipment and indicated that it would be bar coded in the near future. Subsequently, OCFO indicated the equipment belonged to NBC. In an interview with NBC staff, they stated NBC owns the equipment and the equipment is recorded it as an asset on NBC books. However NBC has not bar-coded it. The decision to have NBC own the equipment is not documented and the IA does not specify who owns the equipment. However, the IA includes a line item that indicates FCA pays for equipment. Undocumented decisions and the lack of specific performance metrics and deliverables in the IA are indicative of cost management problems.
- According to a memorandum from OCFO to OIG, dated March 11, 2004, OCFO spent approximately \$89,000 through February 29, 2004 on Momentum. However, the same memo also indicated the IA with NBC was not finalized. The IA establishes the budget for Momentum and is the basis for obligating funds for the project. Because the IA lacks specifics, it is impossible to distinguish work that should have been performed under the expired IA from work that is performed in anticipation of a new IA. Because of the lack of specifics, FCA should not have been expending money without a signed and unexpired IA.

Overall, for both systems, cost management is not satisfactory. Both projects have experienced lengthy delays in reaching full implementation. This extends costs incurred by the Agency without realizing the full benefits of each system. Other evidence of ineffective cost management includes the fact that cost summaries (a breakdown of all costs incurred) for each project since its inception were not readily available to the project manager. Finally, an IA to control cost was not in effect for ten months of FY2004.

It is essential with any project, especially a project that impacts the Agency as significantly as these two, to have strong internal cost controls in place.

## **Quality Management**

Quality management during the implementation of Travel Manager has shown signs of being in line with standard project management practices. However, implementation could benefit from improved project management in a few areas.

Performance testing is a quality management best practice OCFO has exhibited in implementing Travel Manager. Both versions of Travel Manager have undergone thorough testing and quality measurements. According to OCFO, they are testing Travel Manager 8.2 and will not permit the release of this new version until it fully satisfies all quality standards.

During the inspection, OIG distributed a Travel Manager usability survey to all Travel Manager users (excluding interns) as an additional quality assessment. Surveys were sent out to those employees listed on OCFO's records as being Travel Manager users. A total of 193 surveys were distributed and we received feedback from 119 employees.

The survey revealed OCFO did not provide an accurate record of FCA employees who use Travel Manager. Out of the 119 employees who responded, 37 said they do not use Travel Manager. Many of these responses came from Denver field office employees. A number of Denver employees are on OCFO's records as Travel Manager users despite the fact that the Denver office is not presently using Travel Manager. Furthermore, OCFO's records do not list any Dallas field office employees as users, even though that office presently uses Travel Manager. During the exit conference for this inspection OCFO attributed inaccurate list of users to a clerical error. This is a clear example of the importance of a quality management program and the importance of assessing accurate quality measurements of the new system.

The results of the survey reveal mixed opinions on the efficiency of the system. Out of 82 employees that responded as users of Travel Manager, 87% are satisfied or very satisfied with the timeliness of reimbursements. However less than half the users found filing a travel voucher easy—16% of users indicated "very easy" and 33% found it "somewhat easy." In addition, only 49% of users are satisfied or very satisfied with the overall functionality of the system. Many users, mostly those who do not use the system frequently, complained the system is not intuitive and is hard to remember how to process through the system with each use. Many recommended an administrative employee in each office be trained in Travel Manager and make travel arrangements for everyone in their office.

Momentum implementation, on the other hand, has not exhibited satisfactory quality management. Since the system is not fully implemented, the Agency's need for a JFMIP compliant financial management system has not been satisfied. Although the project plan does call for acceptance testing terms in the near future, the specifics of the tests are lacking. According to OCFO, the

specifics of testing are not known at this time, with Momentum still in its early stages of implementation. Test requirements will be known in more detail as implementation progresses.

In addition, the quality of work performed by NBC could be called into question. NBC's effort in project planning serves as an example. According to OCFO, NBC was designated the task of making the original project plan. However, this plan was not adequate due to an aggressive timeframe, and required immediate revision.

## **Human Resources Management**

It is important in the planning stage of a project to designate the most qualified staff to each task. In looking at the project plans for both Momentum and Travel Manager, human resource planning was not taken into consideration. Both project plans are vague in designating specific resources to each task. In addition, neither project plan specifies the type of FCA staff skills needed.

A portion of the Travel Manager project plan, for conversion to Travel Manager 8.2, serves as an example of good human resource planning. The plan clearly delegates resources to each task, each resources job function, and to what tasks they are assigned. This clarity is lacking in the general Travel Manager project plan and is also lacking in both the original and revised project plans for Momentum.

## **Communications Management**

Communications management has been effective to some extent throughout the implementation of Travel Manager. The OCFO has continuously updated external parties on the progress of Travel Manager implementation through weekly meetings and teleconferences. In addition, our survey reveals approximately 66% of Travel Manager users feel OCFO has effectively communicated Travel Manager related information to them. However, OCFO has failed to update the Board in its monthly reports.

In implementing Momentum, however, communication could be improved. According to NBC, most communication with OCFO is done via phone or email, and not through regularly scheduled meetings. Meetings are not held on a regular basis due to time constraints. The OCFO provided copies of correspondence between them and NBC, but no evidence of meeting minutes or teleconferences were found during the inspection. The OCFO has failed to report progress on Momentum to the Board through monthly reporting as well. At the exit conference for this inspection, the CFO indicated that the board members had been briefed in February on the delay in the project. Those meetings were not documented and specific dates of the briefings were not provided. The CFO also provided a document that he said he used for talking points. It is unclear why this document was not provided in response to several prior IG requests for information.

The project management of Momentum could also be improved through creating a communication plan. In planning any project, planning and defining what gets communicated to whom and who is responsible for communication is a critical success factor. According to NBC, tasks were assigned in the project plan to hold regularly scheduled meetings. However, no formal communication plan was established.

## **Risk Management**

### ***Require contingency plans in place prior to project execution***

An issue that occurred during the conversion from 8.0 to 8.2 reveals another area of project management practices that needs improvement. According to OCFO, by August of 2003, Travel Manager 8.0 had been implemented to 70% of the Agency. However, at that time, a new version of Travel Manager (Travel Manager 8.2) was introduced to the market. FCA decided it should hold off further implementation of 8.0 and convert to the new version 8.2. When version 8.2 was finally ready to be released in March 2004, a court order forced DOI to shutdown its Internet access portal for 8.2 to FCA. According to OCFO, there was no contingency plan in place for 8.2 at that time, affecting the progress that had been made on the new version up to that point. This forced OCFO to backtrack their progress to get 8.2 back to the point where it could be released to the Agency.

Having no contingency plan in place caused the delay in converting to Travel Manager 8.2. Creating a contingency plan is synonymous with risk management, a key criterion in establishing solid project management. Without a risk management plan in place prior to executing a project, there is no efficient way for dealing with unexpected changes/issues that may arise. As stated in the first recommendation, a detailed contingency plan on how to handle changes should be submitted as part of the project plan. Changes are possible in any project, and effective management of risks prior to their occurrence will allow for changes to be made without significantly affecting the progress of a project

### ***Update to Momentum's security plan is necessary***

The Federal Information Security Management Act (FISMA) requires Federal agencies to annually review and continually update information security system plans for each general support system and major application. It is crucial to perform these updates to ensure the security plans provide adequate security.

In June 2004, Office of the Chief Information Officer (OCIO) made requests to all offices, including OCFO, to update their security plans for systems classified as major applications and general support systems. Specifically, OCIO requested OCFO to update their security plan for FFS. The conversion of FFS to Momentum is classified as a major application and because FFS is being updated, it would be necessary to update the security plan for it as well. However, OCFO's response to OCIO was that "no revisions [to the security plan] were needed." Therefore, no security plan is currently in place for Momentum.

An updated security plan is another crucial element missing in the planning process for the implementation of Momentum and gives further support to the conclusion that project management of Momentum is below standards.

- 2) Recommended Action—As required by FISMA, the OCFO should develop a security plan for Momentum.***

## **Procurement Management**

In order for both projects to be successfully implemented, it has been necessary to coordinate efforts with external parties. FCA established the IA with NBC for the implementation,

maintenance, and production of Momentum and Travel Manager. In addition, FCA coordinates efforts with Gelco and SATO in implementing and maintaining Travel Manager.

Procurement management best practices not only call for organizing efforts with external parties, but also for finalizing contracts and/or agreements with those parties prior to a project's implementation. In implementing Travel Manager, as mentioned previously, efforts with external parties were well organized. Efforts with NBC in implementing Momentum were also evident.

Prior to the inspection, OCFO provided OIG with an IA for fiscal year 2003. Since the IA had expired, OIG requested an updated IA for fiscal year 2004. OCFO provided OIG with an unsigned copy of the updated IA. It was later disclosed the updated agreement was signed and finalized on July 22, 2004, nearly ten months into the fiscal year. This updated agreement expires September 30, 2004.

- 3) *Recommended Action—the CFO should establish controls that ensure the agreement with NBC is renewed prior to its expiration.***

## **Project Integration Management**

The level of project management cannot be adequately measured by looking at each of the knowledge areas separately. However, it is necessary to look at how all of the knowledge areas worked collectively in achieving the goals of the project.

In implementing Travel Manager, five of nine the knowledge areas were somewhat exhibited and four were not exhibited at all (Appendix 1). This has contributed to the delay in implementation, which has now reached four years and is still on going.

The project management of Momentum is below standards. Momentum implementation had deficiencies in each of the knowledge areas. Overall, eight of the nine areas were nonexistent (Appendix 1). The project plan itself was vague. It did not clearly allocate resources to different tasks. In looking at the project plan, it also wasn't clear what tasks had been completed and where the project was in its implementation.

Other inefficiencies in implementing Momentum suggest the project is not being managed well and not managed in line with project management best practices. Noted inefficiencies include:

- No finalized project plan in place prior to expenditures being made for Momentum
- No security plan
- Lack of internal control leading to inefficient cost and communications management

These serious weaknesses in the implementation of Momentum have contributed to the expected yearlong delay before full implementation is achieved.

- 4) *Recommended Action—The CFO should halt of further efforts and expenditures on Momentum implementation and re-evaluate the following:***
- a. *The decision to implement Momentum***
  - b. *The agreement with service providers such as NBC to ensure they include specific deliverables and performance metrics.***

## Other issues

### ***New Federal Travel Regulations May Not Allow Use of Travel Manager***

In December 2003, General Services Administration (GSA) announced the release of the new Federal Travel Regulations (FTR). The new regulations require all Federal agencies to migrate to an approved E-Travel service from one of three online travel vendors. Agencies can choose among services offered by Carlson Wagonlit Government Travel Incorporated, EDS Corporation, or Northrop Grumman Mission Systems Corporation. In order for an agency not to use one of three offered services, the Chairman must request an exception. According to the regulations<sup>2</sup>, the GSA Administrator may grant an exception if the Agency presents a business case analysis that proves it has an alternative that is in the best interest of the government and the taxpayer. The Agency must also agree to conduct annual business case reviews and submit data to GSA. Other exceptions are limited to security reasons, necessity of disability accommodations, or special needs in accordance with Part 301-13 of the FTR.

The regulations also require all agencies to meet certain deadlines. All agencies were required to submit migration plans and schedules for E-Travel service implementation to GSA by March 31, 2004. NBC submitted a plan for its Small Agency Council Customers including FCA. The plan called for vendor selection and an IA by June 30, 2004. NBC conducted a review of each of the three systems. Subsequent to the exit conference, the OIG found NBC has selected Carlson Wagonlit Government Travel Incorporated and sent a new IA, reflecting the new travel management system to FCA on July 19, 2004. In corresponding with OCFO on this issue during fieldwork, the CFO stated FCA is currently working with NBC. However, in other correspondence, OCFO staff stated they are currently conducting mock trial testing on Travel Manager 8.2 in preparing it for Agency-wide implementation. The CFO did not provide the new IA to the OIG even though it was material to the inspection. Also, the CFO did not disclose the new IA during the exit conference. Subsequently, the CFO stated that FCA did not have the \$7,000 to fund the new agreement and he still wanted to explore other alternatives and he did not recall being asked about the matter.

All agencies must begin migration to their selected E-Travel service by December 31, 2004. E-Travel services must be fully implemented by all agencies no later than September 30, 2006. FCA is currently using Travel Manager 8.0, which is not one of the three E-Travel services approved by GSA in accordance with the new FTR. It is wasteful for FCA to expend time and money to update and implement a system that is not approved under the FTR. Accordingly, the OIG questions the costs associated with Travel Manager, which have amounted to \$174,161 for fiscal year 2004.

- 5) Recommended Action—The CFO should select an E-Travel service as required by Federal Travel Regulations and establish a project plan to implement the service. Alternatively, the CFO should provide an analysis and recommendation to the Chairman to request an exception from the GSA Administrator.***

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<sup>2</sup> 41 CFR 301-73.104

## APPENDIX 1—Project Management Best Practices Analysis

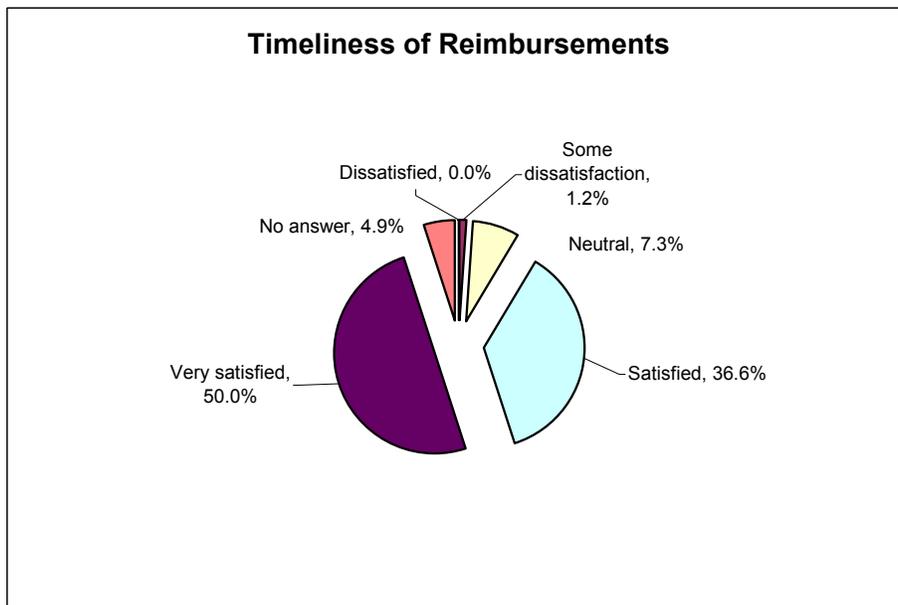
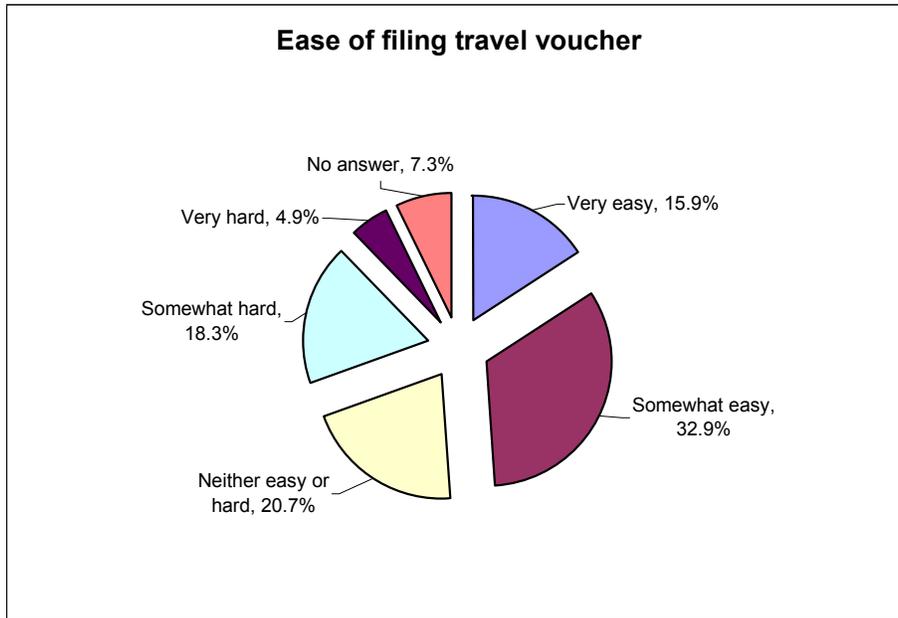
Knowledge Area	Momentum	Travel Manager
<b>Scope Management—Overall</b> <ul style="list-style-type: none"> <li>Clearly defined project charter with goal and purpose of project</li> <li>Develop change management process including costs of making change</li> <li>Avoid scope creep</li> </ul>	<p style="text-align: center;"><b>No</b></p> No No No	<p style="text-align: center;"><b>No</b></p> No No No
<b>Time Management—Overall</b> <ul style="list-style-type: none"> <li>Develop a clearly defined project schedule with tasks broken down into small pieces</li> <li>Include entire project team in planning in order to minimize tasks overlooked</li> <li>Time needed for project for various resources clearly defined. Often, time is underestimated</li> </ul>	<p style="text-align: center;"><b>No</b></p> No No No	<p style="text-align: center;"><b>Neutral<sup>3</sup></b></p> Neutral Neutral Neutral
<b>Cost Management—Overall</b> <ul style="list-style-type: none"> <li>Budget guidelines established and finalized prior to project initiation. Include costs for consulting, maintenance, and travel and professional development in budget.</li> <li>Designate authority to make budget decisions</li> <li>Continually track expenditures during project execution</li> </ul>	<p style="text-align: center;"><b>No</b></p> Neutral Unknown <sup>4</sup> No	<p style="text-align: center;"><b>No</b></p> Neutral Unknown No
<b>Quality Management—Overall</b> <ul style="list-style-type: none"> <li>Projects to undergo thorough testing</li> <li>Customer satisfaction key</li> <li>Ensure scope statement has specific measures of success so that it is easier to determine if project is meeting objectives</li> </ul>	<p style="text-align: center;"><b>No</b></p> Unknown Unknown No	<p style="text-align: center;"><b>Neutral</b></p> Yes Neutral No
<b>Human Resources Management—Overall</b> <ul style="list-style-type: none"> <li>Identify knowledgeable resources for project team and involve as soon as possible.</li> <li>End users should be involved early in the project and updated throughout</li> <li>Clearly define staff roles and responsibilities in project plan</li> </ul>	<p style="text-align: center;"><b>No</b></p> Unknown Not applicable No	<p style="text-align: center;"><b>Neutral</b></p> Yes Neutral Neutral

<sup>3</sup> A "Neutral" rating indicates the knowledge had been demonstrated but it was not consistently applied during the project.

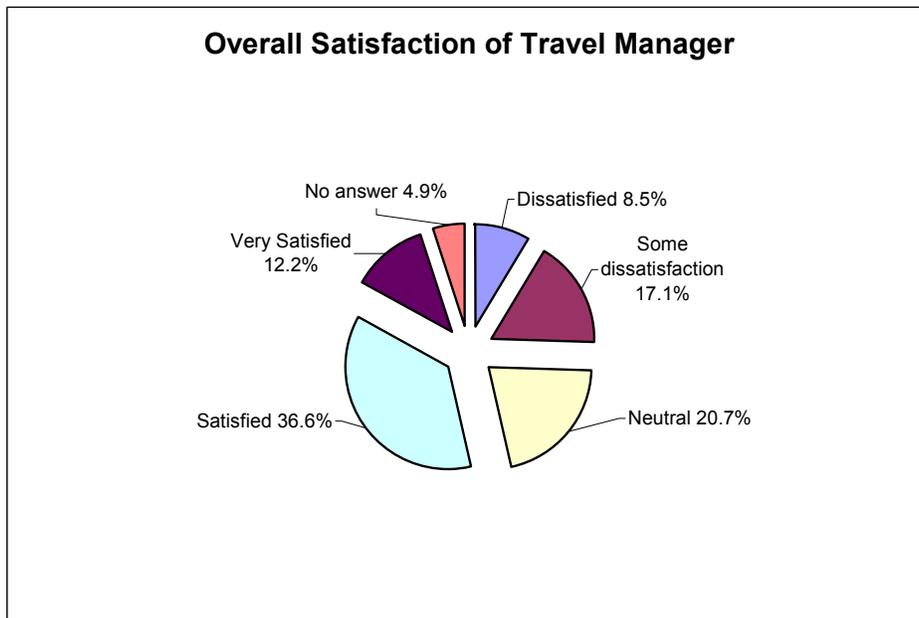
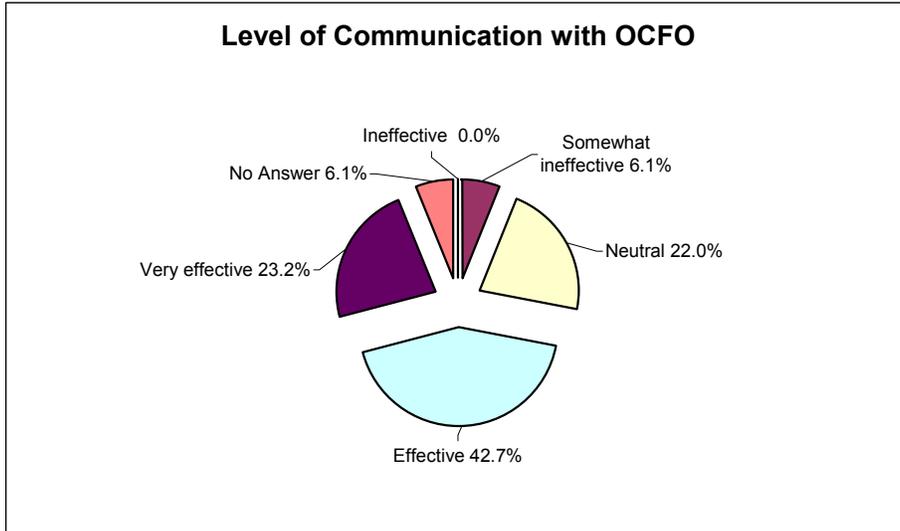
<sup>4</sup> An "Unknown" rating indicates the knowledge was not documented but may be at a later time.

<b>Knowledge Area</b>	<b>Momentum</b>	<b>Travel Manager</b>
<p><b>Communications Management—Overall</b></p> <ul style="list-style-type: none"> <li>Outline communication plan prior to project execution. Plan should define what gets communicated to whom and who is responsible for communication</li> <li>Hold regular meetings with project team and sponsors to ensure tasks are completed and update all parties on project status</li> <li>Identify point of contacts responsible for relaying information</li> <li>Reporting progress to Agency head and relevant stakeholders</li> </ul>	<p><b>No</b></p> <p>No</p> <p>No</p> <p>Yes</p> <p>No</p>	<p><b>Neutral</b></p> <p>No</p> <p>Yes</p> <p>Yes</p> <p>No</p>
<p><b>Risk Management—Overall</b></p> <ul style="list-style-type: none"> <li>Risks and procedures to handle risks identified prior to project</li> <li>Develop and approve all risk management plans prior to project</li> <li>Take into account staff turnover during the project and how new staff will be brought up to speed</li> </ul>	<p><b>No</b></p> <p>No</p> <p>No</p> <p>No</p>	<p><b>No</b></p> <p>No</p> <p>No</p> <p>No</p>
<p><b>Procurement Management—Overall</b></p> <ul style="list-style-type: none"> <li>Organize efforts with all external parties prior to project</li> <li>Finalize all contracts and/or agreements with external parties prior to project</li> </ul>	<p><b>Neutral</b></p> <p>Yes</p> <p>No</p>	<p><b>Neutral</b></p> <p>Yes</p> <p>No</p>
<p><b>Project Integration Management—Overall</b></p> <ul style="list-style-type: none"> <li>Develop a project plan that integrates all of the other knowledge areas</li> <li>Periodic reviews should occur to determine if the project should continue</li> </ul>	<p><b>No</b></p> <p>No</p> <p>No</p>	<p><b>No</b></p> <p>No</p> <p>No</p>

## APPENDIX 2—Travel Manager Survey Results



Note: Percentages based on 82 valid survey responses and exclude 37 responses that indicated they did not use Travel Manager.



Note: Percentages based on 82 valid survey responses and exclude 37 responses that indicated they did not use Travel Manager.

## APPENDIX 3—Management Response

### Memorandum

Farm Credit Administration  
1501 Farm Credit Drive  
McLean, Virginia 22102-5090



To: Stephen Smith  
Inspector General

From: Eric Howard  
Audit Liaison

*Eric Howard*

Subject: Project Management Inspection

We have reviewed your draft of the proposed inspection report on project management (Inspection No. 04-02). The Chief Information Officer of the Farm Credit Administration has convened an evaluation group to review our progress to date on the travel and the financial management systems. The team will consist of personnel from several agency offices and one representative from the Farm Credit System Insurance Corporation. The team will consider progress to date, what options are available, and the pros and cons of these options. The team's mission is to look for the most appropriate and cost-effective approach for the agency on these issues. As appropriate, the team will consider the other aspects of project management that were addressed in the proposed inspection report.

We believe this approach will result in a collaborative effort that will focus appropriate and timely resources to provide a solution that will continue to move the agency forward. We will apprise you of the team's findings when they are available. If you require additional information, please contact me on 703-883-4481.

Copy to: Keith Heffernan  
W.B. Erwin  
Doug Valcour