



State of Illinois Interoperability Project

Best Practices in Project Governance Research Summary

February 2013

Purpose of Research

- To identify best practices in project governance in interoperability projects across organizational boundaries.
- Apply best practices and lessons learned to the design and implementation of a new governance model for the State of Illinois Framework.

Research Methodology

- Literature review of over 50 reports, white papers, presentations, and other documents related to project governance in the State of Illinois Knowledge Repository.
- In-depth interviews with 10 subject-matter experts from the public, private, and non-profit sectors throughout the U.S.

What are Best Practices?

- Activities and responsibilities that are observed and practiced by high-performing governing bodies.

“Adherence to best practices influences positive organizational outcomes.”

(Association for Research on Nonprofit Organization and Voluntary Action, 1999)

Definitions

- **Governance** – “the act of governing, or steering the policies, management, and activities of an organization at the highest level, with the authority, credibility, and responsibility to do so.”
- **Governing Structure** – the framework through which governing happens.
- **Governing Body** – the people who make up the governing structure.
- **Interoperability** – “is the ability of diverse systems and organizations to work together (inter-operate).”
- **Integration** – coordination amongst various systems or “a holistic approach to serving each consumer.”

About Governance

Why is Governance Needed?

- Provides structure for strategic decision-making
- Clarifies roles and responsibilities of each party
- Builds organizational structure to support planning, development, oversight, and fiscal management
- Sets project priority and vision
- Defines strategy and outcomes
- Maximizes use of resources and streamlines processes
- Resolves conflicts
- Monitors performance
- Provides overall support
- Provides representation of minority as well as majority viewpoints
- Maintains sense of urgency and focus
- Requires consistent participation
- Resolves conflict
- Confers legitimacy on decisions
- Without it, anarchy results:
 - Move from crisis to crisis
 - Only the loudest voices get heard

Why is Governance Needed?

“Strong governance from the start is essential for long-term success...it must be done immediately and quickly so that no more time is lost in seizing the time-limited funding opportunities currently available and in assuring that the human service perspective and vision of a fully integrated health and human services are part of the ACA planning currently underway.”

(American Public Human Services Association, 2012)

Types of Governance

- Can be formal (MOUs, charters) or informal (collaboration, communication)
- May touch on organization, technology, politics, policy, finance, and legal issues
- Types of Governance:
 - **Network or Cross-Boundary Governance**
 - **IT Governance**
 - **Corporate Governance**
 - **Nonprofit Governance**

Types of Governance

- **Network or Cross-Boundary Governance** – “self-organizing, inter-organizational networks which span the boundaries of the public, private, and voluntary sectors and are characterized by continuing interactions and interdependence between network members.”
- **Features:**
 - Shared organizational culture
 - Flexible structure
 - Services tailored to the needs of individual clients
 - Collective decision-making
 - All nodes are linked directly or indirectly

(Center for Technology in Government, 2008)

Types of Governance

- **IT Governance** – “framework for data, asset, and people management to ensure that a business’s IT supports and enables corporate strategies and objectives.”
- **Features:**
 - Two main concerns: delivery of value to business (strategic alignment) and mitigation of IT risks (accountability)
 - Defines the process of project proposal, consideration, approval, and management of IT projects
 - Popular IT Governance Frameworks:
 - CoBIT
 - ITIL
 - ValIT
 - Calder-Moir
 - Various Structures:
 - Centralized – sole authority and decision-making in a central IT organization
 - Hybrid/federated – authority distributed between central IT organization and agency IT departments
 - Decentralized – authority given to agency IT departments

Types of Governance

- **Corporate Governance** – “the ways in which suppliers of finance to corporations assure themselves of getting a return on their investment.”
- **Features:**
 - Sarbanes-Oxley: Law signed in 2002 to introduce changes to financial regulation and corporate governance
 - Created Public Company Accounting Oversight Board
 - Limited types of services accounting firms can provide
 - Increased disclosure requirements
 - Required code of ethics
 - Required analysts to disclose conflicts of interest
 - Provided clarification of roles and responsibility of board members

Types of Governance

- **Nonprofit Governance** – Nonprofit organizations are now incorporating aspects of Sarbanes-Oxley into governing procedures.
- **Features:**
 - Establish conflict of interest policy
 - Boards of Directors
 - Develop, adopt, and disclose a process to manage complaints
 - Create a mandatory document retention and destruction policy
 - Form independent audit committees
 - Adopt a code of ethics

(Board Source, 2006)

What Does a Good Governance Structure Look Like?

- Governance structures are generally divided into the following levels:
 - Executive level → **Executive Steering Committee (ESC)**
 - Focuses on policy decisions, strategic direction, and the project vision
 - Middle/Management level → **Operational Governance Committee (OGC)**
 - Directs the effort and facilitates communications between the Executive and Operational levels
 - Operational/Tactical level → **Project Management Office (PMO)**
 - Deliver the vision by providing the documentation and analysis for decision making.

(American Public Human Services Association, 2012)

What Does a Good Governance Structure Look Like?

- Other committees or councils may assist the governing bodies when needed:
 - **Advisory councils**
 - May take many different forms, such as ambassadors, expert advisors, leaders, or independent assessors
 - Leadership is key to having a good advisory council
 - Subject Matter Experts (SME) are often members of advisory councils
 - It may work best to bring in existing councils rather than create new advisory councils
 - Be specific about topics that the group needs to give advice on
 - Groups must have focus and must have the ability to make decisions
 - Committees and ad hoc groups → **Subcommittees, liaisons, workgroups**
 - Do not have to be official members of the governing body
 - May come in and out of the project at different phases

Establishing a Governance Structure

- In order to establish a governance structure, an organization must consider the following:
 - Future information needs
 - The existing environment
 - The participants' degree of willingness to collaborate
 - The participants' knowledge of one another
 - The participants' background, what that person adds to the group
 - Governance structure must be accessible
 - Information must always be institutionalized
 - Avoid setting up structure from a change management perspective
 - Existing legislation
 - The impact of executive involvement

(Center for Technology in Government, 2008)

Establishing a Governance Structure

- Creating a governance structure requires:
 - Clearly outlining the responsibilities of those involved
 - Establishing a code of conduct regarding decisions and behavior
 - Defining a set of rules for how to conduct business
 - Setting project priorities
 - Developing documentation
 - Organizational – mission statements, vision statements, authorizations
 - Internal guidelines – bylaws, policies, job descriptions, charters
 - Records – meeting minutes, lobbying activities, orientation materials

(American Public Human Services Association, 2012; Board Source, 2012)

Establishing a Governance Structure

- There is no “cookie-cutter” path to creating the structure, all structures will differ in various ways
- An interim structure may emerge
- The governing body may “test” a structure for a year, evaluate its effectiveness, and move on
 - Some organizations move through several governing structure as their priorities change
- Formalization of the structure is necessary – informal bodies may eventually become formal

(Board Source, 2011)

Establishing a Governing Body

- May be established by from the bottom-up or top-down
- Can take a variety of forms, from advisory to decision-making
- Must sustain through start-up, planning, and implementation phases of the project
- Should be flexible, transparent, responsible, and accountable
- Needs to transcend election cycles and changes in administration

(American Public Human Services Association, 2012)

Establishing a Governing Body

- Tips for creating a unified governing body:
 - Involve all agencies from the beginning of the project
 - Foster shared ownership and mutual trust
 - Build and strengthen personal connections through story-telling or discussion of common values

(Board Source, 2011)

12 Principles of High-Performing Governing Bodies

1. Constructive partnership
2. Mission driven
3. Strategic thinking
4. Culture of inquiry
5. Independent-mindedness
6. Ethos of transparency
7. Compliance with integrity
8. Sustaining resources
9. Results-oriented
10. Intentional practices
11. Continuous learning
12. Revitalization

Principles of High-Performing Governing Bodies

1. Be aware of the organization's overall financial situation and raise funds to ensure the fulfillment of the mission
2. Be critically involved in the strategic planning process with the PMO
3. Participate in periodic program review to ensure that services have continued relevance in a changing competitive landscape
4. Spend time on building board capacity
 1. Orientation and ongoing training
 2. Formal attendance policies
 3. Detailed participation requirements
 4. Mentoring program
 5. Understanding of required commitment prior to accepting the appointment

(Association for Research on Nonprofit Organization and Voluntary Action, 1999)

Self-Assessments and Performance Monitoring

- Governing bodies may perform regular assessments to ensure that the organization is meeting its goals
 - Self-assessments
 - Evaluation of organizational health and development
- It is important to view “the nonprofit board self-assessment instrument as a tool in a more comprehensive process, not as an end in itself.”
- Examples of questions that a governing body might ask:
 - Are all members familiar with the mission statement?
 - Does the steering committee focus much of its attention on long-term significant policy issues rather than on short-term administrative matters?
 - Has the committee been promoting a positive image of the organization in the community?

(Association for Research on Nonprofit Organization and Voluntary Action, 1999)

Governance Challenges

- Culture change – breaking the silos
- People and planning – differences in levels of buy-in and understanding
- Federal, state, and county issues – political contexts, existing agendas, policy and administrative barriers
- Out-dated technology
- Privacy and confidentiality laws (and misperceptions of the laws)

(American Public Human Services Association, 2012)

Governance Challenges

Once a governance structure is in place, there are additional challenges:

- Meeting fatigue – having too many committees with overlapping membership
- Role ambiguity – uncertainty on how to carry out various roles
- Mission creep – activities or new goals that push the system away from its original mission
- Conflicts of interest – decisions may benefit some more than others

(Association for Research on Nonprofit Organization and Voluntary Action, 1999; Harvard Business School, 2008; Aspen Advisors, 2011; Board Source, 2005)

Best Practices Examples

Case Study: Oregon

- Joint governance model - Oregon Health Authority (OHA) and the Department of Human Services (DHS) share responsibilities, such as policy, strategy, and operations in shared business service areas
- The OHA is independent, and is not under the executive branch.
- Shared leadership between the DHS Director and the OHA Director
- Joint Operations Steering Committee (JOSC) provides high-level oversight and internal governance
- Major initiative - Identified *points of connections* in the OHA's Exchange and the Department of Human Services' Modernization Program to upgrade business policies & procedures to better serve clients
- Reasons for success:
 - Eliminated waste, inefficiencies, and duplication
 - Structure is not rigid so it can accommodate change as needed over time

Case Study: Michigan

- The Department of Technology, Management & Budget (DTMB) follows fundamental governance elements that define the department's authorities, processes, and procedures.
- The structure in Michigan is similar to Illinois' Central Management Services (CMS)
- DTMB creates and maintains a large number of services for governments and for the private sector.
- Centralized government arrangement - Centralized organization has authority over all other areas including management, services, general management, and operational functions.
- Governance is very well organized, follows fundamental governance elements that define authorities, processes, and procedures.

Case Study: New York City

- The IT governance of New York City is a federated/hybrid model with a central IT office.
- The Chief Information Officer/Office for Technology (CIO/OFT) provides centralized technology policies and services.
- Strong executive leadership by Deputy Mayor.
- Centralized organization has authority over all other areas including management, services, general management, and operational functions.
- There is a Project Management Office (PMO) which includes about 55 employees.
- Developed the Common Client Index, which was one of their biggest successes. It links the same person within multiple databases and gives front line case-workers information on other services that families may be receiving from other agencies.
- Core Elements of New York City Governance
 - People & Change Management
 - Policy, Regulations & Statutes
 - Data Sharing Strategy
 - Enterprise Architecture
 - Business Solution Definition and HHS Domain Architecture Delivery

Case Study: Virginia

- The Virginia enterprise IT system for health and human services is called Virginia Electronic Health and Human Resources (eHHR) program.
- The Information Technology Investment Board (ITIB) oversees the program.
- The eHHR program governance includes:
 - The eHHR Program Oversight Committee (POC)
 - Multiple VITA PMD Analysts
 - Mandatory Program IV&Vs (not project level)
 - Auditor of Public Accounts (APA) audits
 - Federal audits
 - Reports to the General Assembly (GA)
 - CMS standards, requirements, and reviews
- The goal of the eHHR program is to achieve enterprise-wide collaboration and standardization through HHR-level information technology program and project management governance.

Comparative Case Study Matrix

Best Practices Case Study Matrix	Oregon	Michigan	New York City	Virginia
Level of Government	State	State	City	State
Leadership / Highest Level Official	DHS Director and OHA Director	State CIO	Deputy Mayor of NYC Linda Gibbs	eHHR Program Oversight Committee Chaired by Secretary Hazel
Number of Agencies Involved	2 main agencies DHS (5 sub-programs) and OHA (6 sub-programs)	19	35	12
Who Staffs the Group?	Joint Operations Steering Committee (JOSC)	Department of Information Technology (DIT)	PMO which includes about 55 employees. Chief Information Officer/Office for Technology (CIO/OFT)	PMO
Decision Making Structure	Consensus	Consensus	Consensus	Setup as majority rules, but is usually Consensus
Establishing Mandate	Legislation	Legislation	Charter	Proclamation
Reasons for Success	Interoperability reduced waste, inefficiencies, and duplication of client information. Flexible structure that can accommodate change	Very well organized. Follows fundamental governance elements that define authorities, processes, and procedures	Implemented the Common Client Index, which linked the same person within multiple databases. Gave front line case-workers info of other services that families may be receiving from other agencies.	Made the business case first, and then worked on the technology to make it happen.

Other Examples

- National Information Exchange Model (NIEM)
 - Governance model led by an Executive Steering Committee (ESC)
 - ESC is advised by three national committees, each supported by one full-time staff member in the project management office:
 - Communications and Outreach Committee
 - Technical Architecture Committee
 - Business Architecture Committee
 - Reasons for success:
 - Designed to be lightweight – not burdened by unnecessary bureaucracy
 - Graduated – incorporates the level of governance necessary to provide sufficient support, direction, and guidance
 - Evolutionary – meets needs of ever-expanding user community
 - Inclusive – provides mechanisms to reach the broadest level of participants

(NIEM Program Management Office, 2007)

Conclusions

Conclusions

- Based on analysis of project governance literature and interviews with subject-matter experts, the State of Illinois Interoperability Project team developed the following list of “Attributes of Good Governance.”
- These attributes are considered best practices that will guide the development of a governance model for the Illinois Framework Project.

Attributes of Good Governance

1. Shared Vision

- Governing body develops the vision
- Centered on client needs
- Commitment to cross-agency collaboration and cooperation
- Establishment of common goals
- Shared understanding of issues

Example: The Commonwealth of Virginia's strategic vision for health and human services IT is to "leverage information technology to improve healthcare and human services for Virginians by providing access to the right services for the right people at the right time and for the right cost." (eHHR Vision)

Attributes of Good Governance

2. Executive Leadership

- Strong internal leader or leaders are necessary
- Leaders must:
 - Create buy-in and build momentum
 - Champion the project
 - Empower the governing body and project team
 - Create an atmosphere of trust
 - Communicate to stakeholders

Example: Virginia's Secretary of Health and Human Services, Dr. Bill Hazel, succeeded in gaining bi-partisan support by building trust and sharing knowledge. One state senator said that “people on both sides had confidence in [Dr. Hazel’s] answers.” (*The Washington Post*, 2013)

Attributes of Good Governance

3. Formalization of Structure

- An executive order, inter-governmental agreement, memorandum of understanding, or proclamation provides authorization
- Establish a robust PMO
 - Recruit knowledgeable and experienced staff
 - Have a plan in place for risk identification and mitigation, especially related to privacy and security issues
- Document policies, charters, organization charts, work plans, and timelines
- Conduct regular meetings

Example: The State of Oregon formed the Joint Operations Steering Committee (JOSC) consisting of DHS and OHA executive and administrative staff. The JOSC created a charter, work plans, and a schedule of regularly-occurring meetings. The JOSC is responsible for making decisions for shared services and other issues with potential impact on both agencies.

Attributes of Good Governance

4. Clear Decision-Making

- Strive for consensus, but have a plan in place if it's not reached
- Create a hierarchy for decision-making
 - Decisions must be well-researched prior to deliberation
- Implement a one-voice, one-vote policy so that all votes are equal
- Bring the right persons to the table
- Establish a no-designees policy at meetings to keep meetings focused
- Create an agenda based on actionable items, not general updates

Example: New York City's Deputy Mayor, Linda Gibbs, sets a strict "commissioners-only" policy at meetings of her governance steering committee. When the committee cannot reach decisions, they postpone meetings until further information is gathered. As of 2013, the committee made all of its decisions by consensus.

Attributes of Good Governance

5. Adaptable

- Governance structures can change as needed
- Structures should:
 - Sustain through and respond to changes in administration
 - Respond to changes in the scope of the project
 - Bring in new committees, subject-matter experts, and/or work groups as needed
- Governing bodies should perform continuous self-assessment to maintain relevance

Example: In Montgomery County, MD, the Process Technology Modernization (PTM) Steering Committee realized that its size and meeting structure inhibited decision-making. As a result, the committee restructured itself, becoming smaller and more interactive at meetings.

Attributes of Good Governance

6. Transparent Communications and Processes

- Decision-making processes are open and outcomes are clear
- Additional participants may attend meetings
- Stakeholder needs are central to decision-making; stakeholder input may be sought in a variety of ways

Example: Montgomery County, MD's governance structure includes a stakeholder engagement group called the "Tiger Team." The team is "made up of a comprehensive cross-section of end-users" and participates in the "visioning and Business Process Re-engineering sessions and will remain active through the duration of the PTM initiative." (Montgomery County, 2012)



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