

OECD-PUMA

**Expert meeting on  
Management of Large Public Sector IT Projects**

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HAND OUT

**POLAND<sup>\*</sup>**

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## 1. GENERAL INSTITUTIONAL FRAMEWORK

### 1.1. Policy

1. There is no national policy in Poland for the management of large public IT projects. Even worse, such undertakings are not properly co-ordinated at the government level.

2. For example, Polish citizens and firms use several different identifiers (PESEL, REGON, NIP, NUSP). Our nation-wide registers constantly agree among themselves on data concerning the same subjects, but lack of uniform standards, *e.g.* concerning the spelling of names (places, streets), makes that task difficult. The existence of differing rules generates problems. For example, in the census system, in the case of incorporating place *A* to place *B*, for persons born in *A* the place of birth is changed to *B*, but in the tax system the old name *A* remains.

3. Legal regulations fundamental for the realisation of large IT projects are often incoherent. For example, the definition of the place of employment in tax rules has little in common with the definition of the employer in the act on social insurance.

### 1.2. Funding

4. In the case of the Ministry of Finance, IT projects are funded from budget and foreign subsidiary funds.

#### *Decisions and assessment (on the basis of the Ministry of Finance POLTAX system)*

5. The POLTAX System Programme Council makes the decision on starting the large project. The Vice-Minister of Finance is the Chairman of the Council and the MF General Director orders realisation of smaller projects.

6. The *Project Definition* is the basis for the decision. It is prepared according to strictly determined standards and covers the elements specified below:

1. Motivation for starting the project
2. Aims of the project
3. Scope of the project and realisation environment
4. Methods of project implementation
5. Products and approval criteria
6. Realisation threats
7. The project organisation
8. Financial analysis
9. Quality control plan
10. The project implementation scenario, time frameworks and control points
11. Monitoring the work progress
12. Servicing problems and control of changes
13. Contingency plans
14. References.

7. Point 6 contains the first version of the risk register known in the phase of preparing the project. Usually it is an evaluation of threats for efficient project realisation, supplemented by subjects to be considered in the future. A possibly versatile identification of external conditions of the undertaking are recommended. One should document all factors that may influence the course of the project such as its scope, way of implementation or other additional requirements that can appear during the tenure of the project.

- Financial analysis (Point 8 of the *Project Definition*) contains the comparison of the project cost and financial benefits to be gained on its completion. One has also to present the financial consequences in the case of renouncing the project.
- The Steering Committee and the Project Management Team evaluate large projects of the POLTAX system.
- The first phase in project planning includes identification and justification of the need to carry out the project, presentation of advantages resulting from it, and outlining the costs of its conception and implementation. These enable a decision on whether or not to start the project and create the foundations for the control of changes in initial assumptions.
- The *Project Definition* enumerates and defines, in a measurable way, what the project is to bring. Settlements with the orderor cover efficient ways of checking the degree of achieving the assumed goals. The list of material products (*e.g.* documentation, software) that should be created as a result of project realisation and criteria of quality evaluation of those products agreed upon with the orderor are being presented.
- Monitoring the work progress is settled already in the introduction of the *Project Definition*. It defines the frequency of examinations by the project management. They are planned for significant moments in the project – control points that most often are connected with the creation of particular effects or products. Examinations constitute the basis for approving the performed works, releasing financial means and assigning resources for the next phase.
- Determining the organisation of current monitoring (consisting *e.g.* of the report format, its assignment and frequency) is a significant element.
- The admissible tolerance of deviations from the project's original assumptions (scope of work, delays, budget) are also being determined and detailed procedures of change control are presented.
- Financial control of projects is carried out currently by the orderor (most often it is the MF General Director). The project manager presents the report on the progress and financial results every month.
- Most projects are subject to the *ex post* control of the Chief Board of Supervision.

### **1.3. Management models**

8. The present POLTAX System Programme Council was set up with the decision No 2/DI/99 of the Minister of Finance dated 16 June 1999. The Vice-Minister of Finance is its Chairman and the Council is [variably] composed of: the MF General Director, directors of some MF departments and tax chambers, as well as chosen representatives of tax chambers and tax offices.

9. The Council's tasks are as follows:

- stating opinions on decision drafts on the POLTAX system for the MF top management;
- shaping strategy of the development, implementation and maintenance of the POLTAX system;
- monitoring progress of the work on the POLTAX system.

10. The Management of the IT Department periodically updates the document entitled “The concept of development of use of the information technology in the Ministry of Finance units” determining the strategy for the next five years. This document is presented to the management of the Ministry of Finance.

11. The international teams of consultants verify those plans.

12. More important project tasks are supervised by Steering Committees. They are composed of four to six people (directors of the MF departments; representatives of the orderor, “owner” of products and directors of tax chambers as well as heads of tax offices; representatives of end users of the POLTAX system).

13. The *Project Definition* names the persons composing the Project Management Team: Head of the Project, Head of the Steering Committee (if necessary), Auditor-Head of Quality Assurance and heads of teams. The scopes of responsibilities for each of those roles are determined.

14. The most important threads and stages of project realisation, as well as its time frameworks are being described. The decomposition of the project into sub-projects and basic phases of their implementation should be presented. Milestones are specified in order to clarify the project progress. It is also necessary to identify critical time dependencies on other projects being realised in parallel.

15. In general, alternative solutions are being presented (in the case of anticipating potential difficulties) and contingency plans are being prepared (in the case of failure to reach the project goals).

16. The project schedule is presented in the form of the Gantt diagram. It is being detailed similarly as the scenario. The schedule is updated and possibly modified during the project implementation in response to the changing circumstances, influence of external factors, and so on.

17. The Ministry of Finance outsources some work. We only exclude planning, quality control, contract management and the security policy. Our department has very positive experiences with “internal” outsourcing, by which we understand employing IT teams from tax chambers.

## **2. CASE: INFORMATION TECHNOLOGY IN THE POLISH TAX ADMINISTRATION (POLTAX)**

18. The POLTAX computer system supports at present three basic areas of tax office activities:

- Within the sub-system *Registration* 28.8 million tax identification numbers (TINs) have been assigned to taxpayers. Generally, registration (including the *Central Taxpayers Register*) covers the taxpayers and withholders register, associations between parties, and information on tax due reckoned by a tax office. Central verification of the data of taxpayers that claim for TINs assignment has been recently made available assuring assignment of a unique TIN to each taxpayer.
- The sub-system *Assessment* facilitates the control of correctness and term tax payments, and verifies or defines amounts of certain tax dues that constitute the budgetary dues. Tax offices assessment divisions process the data from all the tax forms (PIT, CIT, VAT, and excise) – about 78 million declarations in 1999. Some of the changes have been recently introduced enabling

transfer of taxpayer's data and annual declarations through digital media. In the first place, data from pension institutions that deal with over 10 million pensioners are being served by these tools.

- Implementation of the sub-system *Accounting* has been carried out according to the schedule started on 1 January 2000. Tax accounting deals with tax due payments and overpayments, refunds registers, verifies correctness of paid tax due payments according to the decisions made by tax assessment divisions, distributes budgetary funds according to tax offices qualification, and defines tax dues to be executed. From 1 November 2000 the accounting sub-system is expected to be fully operating in all the tax offices.

19. Development of the POLTAX system to provide full IT support for all tax office activities is getting to its final stage:

- The sub-system *EGAPOLTAX*, dedicated to the tax dues execution that is being performed by the tax administration, has been testing in chosen pilot tax offices for several months. Full implementation in all the tax offices is scheduled for January 2001.
- The conceptual works on the sub-system *Tax Control* commenced in 1998. The sub-system is designed to support the analysis of inconsistencies that may occur in tax dues fulfilment and cases of avoiding payment, based on the data available in a certain tax office. The implementation of the sub-system is planned to start in 2001.
- Works on the sub-system *Management Reports* have benefited from replacement of the CIT reports, that used to be prepared individually by tax offices, with the tax data analysis environment (tools called the Management Information and Decision Making Support Systems based on the data warehouses technology) being now created in the Ministry of Finance and accessed to the objective departments. The new module has recently been added to the POLTAX system, allowing definition, verification and transfer of the extracts of annual PIT declarations to be used in statistic reports for 1999 directly to the Ministry of Finance in electronic form. For the first time there will be no paper declarations processed at the central level.
- In 1999 the *Wide Area Network* connecting the Ministry of Finance with the tax chambers has been built up. Works on the network are being continued to cover all the rest of the Ministry of Finance units.
- At present, the *Electronic Data Interchange* (EDI) project is being tested in three pilot tax offices. The project's scope envisages the use of the Internet by the tax administration for gathering information from external entities (withholders and taxpayers) as well as for the dissemination of information from the tax administration to external entities.

20. Centralisation of the POLTAX system is mandatory in order to raise its effectiveness:

- Presently distributed architecture of the POLTAX system is very expensive to operate. Each tax office has to be equipped with individual server (or several servers) and employ at least two to three highly qualified IT specialists.
- The database of the POLTAX system consists at present of 356 databases located in individual tax offices. There are tax parties (taxpayers and withholders) registered in several offices with different tax liabilities. According to the present law, neither of the tax offices can be sure that their data are up-to-date.
- Establishment of the *Data Processing Centre* running the Central Taxpayers Register and incorporated *Documents Database* would be the best solution in this situation. Existence of the Central TIN Register would enable the tax administration units (Customs and other registers like the Social Insurance and Central Statistics) access to the single and unique set of information on

certain parties together with the information on taxes and individual liabilities. The Documents Database would constitute a source of original tax data that could support the management systems of information and decision-making.

21. The Centre, together with the *Central Linkage Office*, would also allow performance of other additional tasks associated with the future EU membership of Poland, including:

- setting up the central register of the VAT payers accessible to the EU parties;
- setting up and continuous update of the database of transactions made between Polish and EU parties;
- integration and data exchange between the POLTAX system and the EU systems like VIES, SEED, FISCAL SCENT and INFRASTAT.

22. The key role in all of the above activities is preparation and maintenance of the proper equipment-system platform. The scale in which the MF IT Department operates is best shown in numbers concerning the equipment used and purchased in order to ensure proper efficiency of system operation.

23. In 1999 tenders were carried out for the purchase and delivery of 258 IBM servers, 7 000 PC computers, 1 200 matrix printers and 1 040 laser printers, and several thousand licences for software (SCO, ORACLE, MICROSOFT).

24. Service and maintenance of the equipment presently being used in the tax administration covers:

Servers	800
PC computers (of different class)	19 000
Character terminals	8 000
Laser printers	3 000
Matrix printers	6 500
Ink printers	2 100

25. Modification of cabling and active elements of local computer networks in tax chambers and offices is currently being carried out. Training of the tax chamber and office staff, training personnel, administrators, and end users (about 30 000 persons in total) is ongoing.

26. The degree of work advancement on the POLTAX system is the result of a series of factors appearing in the period of its realisation:

- variability of the tax system (it is evaluated that in the years 1995-1999, Acts directly or indirectly influencing the functioning of the POLTAX system were changed 123 times and executive deeds changed 50 times);
- irregular inflow of financial means;
- instability of IT staff in the tax administration (a problem for the whole Polish public administration);
- the necessity of fulfilling strict requirements in the field of protection and safety of data (protection of tax and personal data confidentiality).

### 3. LESSONS LEARNED

27. Important factors favouring the success of the project were:

- applying standards and procedures;
- well-defined competencies and responsibility of contractors;
- early co-operation of the orderor, the project team and end-users;
- stability of external conditions (legal, financial and political).

28. Serious threats to projects are as follows:

- over-optimism in planning, and yielding to the pressure of superiors for “success”;
- changes in expectations and requirements of the orderor and/or customers during project implementation;
- legal regulations coming into force too promptly after they are passed, without sufficient time to make adequate changes in the IT system.