

## Assembly Budget Subcommittee 4 on State Administration and Budget Subcommittee 5 on Public Safety

### Court Computer System

Room 437, State Capitol  
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**Administrative Office of the Courts**  
(1-Year Response)

The Statewide Case Management Project Faces Significant  
Challenges Due to Poor Project Management Budget Savings by  
Implementing State Auditor Recommendations  
(February 8, 2011 Report 2010-102)



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# CALIFORNIA STATE AUDITOR

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BUREAU OF STATE AUDITS

## Joint Hearing of Assembly Budget Subcommittee 4 on State Administration and Subcommittee 5 on Public Safety

### Court Computer System

March 14, 2012

#### **Administrative Office of the Courts: The Statewide Case Management Project Faces Significant Challenges Due to Poor Project Management**

#### **BACKGROUND**

The State Auditor's Office (state auditor) completed an audit of the Administrative Office of the Courts' (AOC) management and oversight of the statewide case management project, which includes two interim systems, and the Court Case Management System (CCMS). This audit was released on February 8, 2011, and contained recommendations for improving AOC's project management practices as it moves forward with the CCMS project, as well as any future major information technology (IT) projects.

This audit focused on the AOC's oversight of the development of the CCMS, specifically whether the CCMS is receiving appropriate oversight, will remain on budget, and is completed in a timely manner. The audit revealed the following:

- The AOC has not adequately planned the statewide case management project since 2003 when the Judicial Council of California (Judicial Council) directed the AOC to continue its development.
- The AOC has not analyzed whether the project would be a cost-beneficial solution to the superior courts' technology needs and it is unclear what information the AOC used to make critical decisions during the project's planning and development.
- The AOC did not structure its contract with the development vendor to adequately control contract costs.
- Although the AOC fulfilled its reporting requirements to the Legislature, the four annual reports it submitted between 2005 and 2009 did not include comprehensive cost estimates for the project, and the AOC's 2010 report failed to present the project's cost in an aggregate manner.
- The AOC has consistently failed to develop accurate cost estimates for the statewide case management project, which is now at risk of failure due to a lack of funding.

- A survey of the seven superior courts using interim versions of the statewide case management project found they experienced challenges and difficulties in implementation, and some are reluctant to implement the CCMS. The survey found that only 12 of the remaining 51 trial courts were generally positive about CCMS or did not discuss any potential challenges with its deployment.
- AOC's attempt at independent oversight came late in the life of the project and the scope of services it contracted for fell short of best practices for a project of this size and scope.

The state auditor evaluated the AOC's one-year response and determined that the AOC has put in place protocols for future IT projects that, if followed, would address most of the weaknesses noted in its project management of CCMS. For example, it has adopted contract management protocols that, if followed, should provide for effective oversight of contract costs. However, we determined that many of the recommendations were partially implemented or are pending implementation. There is also one recommendation that the AOC took no action to address our concerns. This document will highlight those recommendations that are pending, have been partially implemented, or for which no action has been taken.

RECOMMENDATION	AOC RESPONSE	IMPLEMENTATION STATUS/STATE AUDITOR'S COMMENTS
<p>1.1: To understand whether CCMS is a cost-beneficial solution to the superior courts' case management needs, the AOC should continue with its planned cost-benefit analysis and ensure it completes this analysis before spending additional significant resources on the project. Further, the AOC should update the cost-benefit analysis periodically and as assumptions change.</p>	<p>In October 2010 the AOC engaged a consultant to perform a cost-benefit analysis for developing CCMS and deploying it to all 58 superior courts, which was completed on February 22, 2011. The AOC agreed that the cost-benefit analysis should be updated at key junctures. In fact, it intends to release an update of the cost-benefit analysis in April 2012.</p>	<p><i>Partially implemented</i></p>
<p>1.3: To ensure its contract with the development vendor protects the financial interests of the State and the judicial branch, the AOC should consider restructuring its current contract to ensure the warranty for CCMS is adequate and covers a time period necessary to ensure that deployment of CCMS has occurred at the three early-adopter courts and they are able to operate the system in a live operational environment.</p>	<p>The AOC agrees that the warranty needs to be of sufficient length to allow CCMS to operate in a live environment before the expiration of the warranty. The AOC states that it expects to complete negotiations of the terms of the warranty period with the development vendor in July 2012.</p>	<p><i>Pending</i></p> <p>The existing contract includes a 12-month system warranty for CCMS that will begin no later than eight months after system acceptance, which occurred on November 28, 2011.</p> <p>Under these terms, the CCMS warranty period will be begin no later than July 2012 and end by July 2013 at the latest.</p>

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<p>1.4: If the Judicial Council determines that CCMS is in the best interest of the judicial branch and it directs the AOC to deploy the system statewide, assuming funding is available, any contract entered into with a deployment vendor should include:</p> <ul style="list-style-type: none"> <li>a) Cost estimates that are based on courts' existing information technology (IT) environments and available resources to assist with deployment activities.</li> <li>b) Well-defined deliverables.</li> <li>c) A provision that adequate responsibility be placed on the vendor for conducting key steps in the deployment of the system.</li> </ul>	<p>The AOC has not yet entered into a contract to deploy CCMS, but indicates that:</p> <ul style="list-style-type: none"> <li>a) The deployment contract will take into account assessments of each court's existing IT environment and available resources as well as information gathered through the deployments to the early adopter courts.</li> <li>b) The deliverables in the deployment contract will be well-defined.</li> <li>c) The deployment contract will include the most favorable terms possible, including placing appropriate responsibility on the vendor.</li> </ul>	<p><i>Pending</i></p>
<p>1.5: The Judicial Council should make certain that the governance model for CCMS ensures that approval of contracts and contract amendments that are significant in terms of cost, time extension, and/or change in scope occur at the highest and most appropriate levels, and that when contracts or contract amendments above these thresholds are approved, that the decision makers are fully informed regarding both the costs and benefits.</p>	<p>The AOC states the CCMS governance committees, the CCMS Project Management Office, and the AOC Project Review Board will have structured protocols in place to ensure that all significant contract amendments, changes in cost and scope, and extensions to time frames will be approved at the appropriate levels based on full and complete information, including costs and benefits associated with the contract or contract amendments.</p>	<p><i>Pending</i></p>
<p>2.1: To ensure that the financial implications of the statewide case management project are fully understood, the AOC should:</p> <ul style="list-style-type: none"> <li>a) Report to the Judicial Council, the Legislature, and stakeholders a complete accounting of the costs for the interim systems and CCMS and be clear about the uncertainty surrounding some costs, such as those for deployment of CCMS</li> <li>b) Require superior courts to identify past and future costs for the project.</li> <li>c) Be clear about costs that other entities will incur, such as justice partners.</li> <li>d) Update its cost estimate for CCMS on a regular basis and as significant assumptions change.</li> </ul>	<p>The AOC indicates that:</p> <ul style="list-style-type: none"> <li>a) Its annual report to the Legislature will include all identifiable costs related to CCMS and the interim systems incurred by the trial courts in future reports.</li> <li>b) It has modified its financial reporting system to track current and future project costs and that it will work with trial courts to identify past project costs.</li> <li>c) It will begin including types of costs that justice partners may incur in its annual report and also work with justice partners to identify benefits of CCMS to them.</li> <li>d) It released a cost-benefit analysis in February 2011, which it will update in April 2012.</li> </ul>	<p><i>Partially implemented</i></p> <p>The AOC's 2011 report does not include future costs for CCMS, but the AOC indicates it will provide an addendum to this report after releasing the update to the cost-benefit analysis in April 2012.</p>

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2.2: To address the funding uncertainty facing CCMS, the AOC should work with the Judicial Council, the Legislature, and the governor to develop an overall strategy that is realistic given the current fiscal crisis facing the State.	The AOC states that it has modified its strategy and will continue to do so, and it will continue to work with the Legislature and the governor to explore all potential approaches for securing sufficient funding to complete the statewide deployment of CCMS.	<i>Partially implemented</i>
2.3: To better manage costs of future IT projects, the AOC should: <ul style="list-style-type: none"> <li>a) Estimate costs at the inception of projects.</li> <li>b) Employ appropriate budget and cost management tools to allow it to appropriately budget, track, manage, and estimate costs.</li> <li>c) Ensure that cost estimates are accurate and include all relevant costs, including costs that superior courts will incur.</li> <li>d) Disclose costs that other entities will likely incur to the extent it can reasonably do so.</li> <li>e) Update cost estimates on a regular basis and when significant assumptions change.</li> <li>f) Disclose full and accurate cost estimates to the Judicial Council, the Legislature, and stakeholders from the beginning of projects.</li> <li>g) Ensure that it has a long-term funding strategy in place before investing significant resources in a project.</li> </ul>	The AOC indicates that its Information Technology Investment Management Plan already incorporates many of the steps identified in our recommendation, but that it will be revised to incorporate the fiscal impact on trial courts and justice partners.	<i>Partially implemented</i>
3.1: Although the Judicial Council has the legal authority to compel the courts to adopt CCMS, to better foster superior court receptiveness to deploying CCMS, the AOC should: <ul style="list-style-type: none"> <li>a) Use the results from its consultant's survey of the superior courts to identify and better understand the courts' input and concerns regarding CCMS, including the manner in which the project has been managed by the AOC.</li> <li>b) Continue to work with the trial courts that have deployed the civil system to ensure it is addressing their concerns in a timely and appropriate manner.</li> <li>c) Work with superior courts to address concerns about hosting data at the California Court Technology Center (Technology Center).</li> </ul>	The AOC indicates that: <ul style="list-style-type: none"> <li>a) The results from a consultant's survey, which was prepared as part of the cost-benefit study in February 2011, will be used to refine a variety of deployment alternatives for CCMS.</li> <li>b) The CCMS Project Management Office has dedicated staff assigned to work with trial courts using the interim civil system to address their needs and concerns.</li> <li>c) It will develop, review, modify, and add service level metrics as needed to ensure that the Technology Center's services are provided in a manner that is fully responsive to the courts' business needs.</li> </ul>	<i>Partially implemented</i>
3.2: The AOC should continue working with local and state justice partners to assist them in their future efforts to integrate with CCMS, and in particular provide local justice partners the information needed to estimate the costs involved.	The AOC indicates that it has developed and maintains a justice partner integration Web site, which provides information about the 121 CCMS data exchanges and offers instructions for their implementation. According to the AOC, all justice partners have access to the site, which identifies resources they may need to integrate with CCMS.	<i>Partially implemented</i>

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<p>4.1: To provide for an appropriate level of independent oversight on CCMS, the AOC should expand and clarify the scope of oversight services and require that oversight consultants perform oversight that is consistent with best practices and industry standards.</p>	<p>The AOC states that it strongly agrees the project oversight should be performed consistent with best practices and industry standards; although it does not agree that this can only be done by external contractors that are independent of the vendor developing CCMS.</p>	<p><b>No Action Taken</b></p> <p>The AOC continues to assert that the approach it used for the verification and validation process—which includes independent verification and validation (IV&amp;V) and independent project oversight (IPO), as well as using AOC and court experts independent of the CCMS project—is entirely consistent with industry standards and guidelines and best practices for IT projects of the size and complexity of CCMS.</p> <p>As noted in the audit, using AOC staff to perform IV&amp;V and IPO services on a project of the size, scope, and complexity of the CCMS is problematic because most of the staff that the AOC indicated were involved have either a direct or indirect role on the project. Therefore, they lack the independence to provide objective oversight of CCMS development.</p>
<p>4.2: To ensure that no gaps in oversight occur between CCMS development and deployment, the AOC should ensure that it has IV&amp;V and IPO services in place for the deployment phase of CCMS. Further, to allow for independent oversight of the IV&amp;V consultant, the AOC should use separate consultants to provide IV&amp;V and IPO services.</p>	<p>The AOC indicates that it is preparing the documents to contract for independent oversight, but this effort is on hold until after the March 2012 Judicial Council meeting.</p>	<p><b>Pending</b></p> <p>Despite our recommendation, the AOC has allowed a gap of independent oversight to occur between October 2011 and the present. Since October 2011 the completion of CCMS development, as well as pre-deployment activities for CCMS, have occurred without the benefit of independent oversight.</p>

RECOMMENDATION	AOC RESPONSE	IMPLEMENTATION STATUS/STATE AUDITOR'S COMMENTS
<p>4.3: To ensure no significant quality issues or problems exist within CCMS, the AOC should retain an independent consultant to review the system before deploying it to the three early-adopter courts. This review should analyze a representative sample of the requirements, code, designs, test cases, system documentation, requirements traceability, and test results to determine the extent of any quality issues or variances from industry standard practices that would negatively affect the cost and effort required of the AOC to operate and maintain CCMS. If any quality issues and problems identified by this review can be adequately addressed, and system development can be completed without significant investment beyond the funds currently committed, the AOC should deploy it at the early-adopter courts during the vendor's warranty period.</p>	<p>The AOC commissioned two independent assessments of CCMS, which were published in August 2011:</p> <p>Integrated Systems Diagnostics, Inc. performed a review of the development process employed by the CCMS development vendor, Deloitte Consulting.</p> <p>K3 Solutions, LLC (K3) performed an assessment of software quality to determine whether the CCMS product has been developed as designed.</p> <p>To address the issues noted in both assessments, the AOC developed an action plan containing improvement activities for the current project and its future maintenance.</p>	<p><b>Partially implemented</b></p> <p>Integrated Systems Diagnostics, Inc. found that the development vendor did not follow certain best practices during CCMS development, meaning that the development vendor did not perform at the standard it had originally promised.</p> <p>K3 found that CCMS appears to be architecturally sound and comprehensively tested. However, it did identify eight areas that, if not addressed going forward, could have significant implications for the maintenance and deployment of CCMS.</p> <p>Although the AOC asserts that the development vendor has completed all action plan items, the AOC has not provided us with sufficient information to confirm their completion.</p>
<p>4.4a: To ensure that future major IT projects receive appropriate independent oversight over technical aspects and project management, the AOC should obtain IV&amp;V and IPO services at the beginning of the projects and ensure this independent oversight is in place throughout and follows best practices and industry standards appropriate for the size and complexity of the project.</p>	<p>The AOC strongly agrees that it is critical that IT projects receive the necessary and appropriate project oversight and that it will follow the Technology Agency's guidance as well as all appropriate industry guidance. The AOC states that it will assess each project for its risk, sensitivity, and criticality and will give great deference to the Technology Agency's guidance to determine the manner and extent of project oversight that will be implemented. The AOC states that it commits to timely obtaining and maintaining the appropriate independent project oversight services based on the size, scope, and complexity of the project and to ensuring that complete access is granted to all necessary materials.</p>	<p><b>Partially implemented</b></p> <p>The AOC continues to believe that its staff is able to act independently of the AOC to perform significant elements of this oversight, as noted under recommendation 4.1 above.</p>

## Warranty Timeline for California Court Case Management System

