

CALIFORNIA STATE AUDITOR

Joint Oversight Hearing

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Administrative Office of the Courts:
The Statewide Case Management Project Faces
Significant Challenges Due to Poor Project Management
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BUREAU OF STATE AUDITS

BACKGROUND

California's judicial branch consists of the superior courts, which are the State's trial courts, and the appellate courts—the courts of appeal and one supreme court. Each of the 58 counties has a superior court and each superior court has between one and 55 courthouse branches—a total of 400 locations statewide. Each superior court hears civil and criminal cases as well as family, probate, juvenile, and other cases.

The Judicial Council of California (Judicial Council) has policy and rule-making authority over California's judicial branch, while the Administrative Office of the Courts (AOC) provides administrative support to the Judicial Council. The Legislature appropriates annual funding and the AOC develops a recommended budget for the judicial branch, which the Judicial Council must approve before funds can be spent. This budget includes funding for the superior courts, the AOC, and for infrastructure and technology projects.

In 2003, after finding over 200 varieties of case management systems in use by superior courts, and wishing to improve access, quality, and timeliness of the judicial system, the Judicial Council directed the AOC to continue developing a statewide case management system for the superior courts. That same year, the AOC entered into contracts to develop two interim systems—currently used by seven courts—and later decided to develop one comprehensive system—the California Case Management System (CCMS). As of June 2010 the AOC and some superior courts had spent nearly \$407 million on the statewide case management project since its inception. The total cost for the project, including money already spent, will approach \$1.9 billion.

California Court Case Management System

The AOC asserts that when completed, CCMS will be a uniform, integrated case management system that will allow the 58 superior courts to manage all case types with a single application. CCMS includes statewide reporting and court interpreter and court reporter scheduling, and will have the ability to share information electronically with state and local justice partners in court business, such as sheriffs' offices and the California Department of Justice. The CCMS will also provide a public Web site that is intended to allow users to search for case information, pay fines and fees, request traffic school enrollment, request a continuance on a traffic case, access court calendars, and view certain case documents.

The AOC plans to complete development of the core portion of CCMS—the functionality to manage all case types—in April 2011 and to finish developing and testing the portion that allows superior courts to interface with partners in July 2011. Once both portions are complete, the AOC plans to deploy the system in the superior courts of three counties—San Diego, Ventura, and San Luis Obispo—referred to as the *early-adopter courts*. As of January 2011 the AOC has no plans to deploy CCMS to any other superior courts until additional funds become available.

AUDIT HIGHLIGHTS

- Work undertaken by the AOC on the statewide case management project has lacked sufficient planning and analysis.
- The AOC did not analyze whether the project would be a cost-beneficial solution to the superior courts' technology needs.
- At key points during planning and development, it is unclear on what information the AOC used to make critical decisions.
- The AOC did not structure its contract with the development vendor to adequately control the project costs and scope.
- Over the course of seven years the AOC entered into 102 amendments and increased the cost of the contract from \$33 million to \$310 million.
- The AOC has consistently failed to develop accurate cost estimates. Projected in 2004, the AOC's earliest available cost estimate for the system was \$260 million, an amount that has grown substantially to \$1.9 billion in 2010.
- Complete deployment to all superior courts has been postponed by seven years from fiscal year 2008–09 to fiscal year 2015–16; however, this estimated deployment year assumes full funding will be available, even though the AOC has not identified funding needed for statewide deployment.
- Although the AOC has fulfilled its reporting requirements to the Legislature, it did not provide additional beneficial information about the increases in total project costs.
- Successful implementation of the system will require the AOC to more effectively foster support from the superior courts.
- 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 CCMS may be at substantial risk of future quality problems as a result of the AOC's failure to address certain of its oversight consulting firm's concerns and the quality issues experienced on the project to date.

The Statewide Case Management Project Lacked Adequate Planning

The AOC Failed to Establish a Business Need for the Statewide Case Management Project

Since 2003 the AOC has conducted some piecemeal planning efforts, but none were comprehensive enough to demonstrate appropriate planning for such a costly and far-reaching project.

In December 2007, four years after it was directed to continue development of a statewide system, a consultant prepared a business case study. However, the consultant did not analyze whether the project was an appropriate and cost-beneficial solution. Rather, it focused on the advantages of all courts using CCMS and appeared to justify AOC's previous actions taken and decisions reached.

At that time the AOC had already made a significant commitment to the statewide case management project as it had already spent \$217 million, and developed two interim systems that it had deployed or was deploying them at seven superior courts.

Despite significant investment in the interim systems, by the time the 2007 consultant report study was completed, the AOC had decided to develop CCMS which would use the functionality from the interim systems and include all case types.

The AOC never conducted a formal cost-benefit analysis of the project and therefore is unable to demonstrate that the benefits of CCMS outweigh the nearly \$1.9 billion cost.

In October 2010 the AOC finally contracted with a consultant to perform a cost-benefit analysis for CCMS. The analysis is expected to be completed in February 2011.

The AOC's Planning and Decision Making Was Unclear and Lacked Transparency

The AOC explained that the statewide case management project was developed using an iterative approach that focused on building the project by developing two smaller systems—the criminal and civil system—which the AOC refers to as *interim systems*.

However, the AOC did not demonstrate that decisions to develop and deploy the interim systems on a limited basis were methodically planned as key stages toward development of the statewide case management system.

Further, the AOC did not demonstrate that it presented an appropriate level of analysis to the governance committees before it made critical decisions to downsize and discontinue the interim systems in favor of a comprehensive system.

The AOC Did Not Manage Contract Scope and Cost

The AOC did not structure its contract with the development vendor to ensure that it had sufficient control over the cost and scope of the contract.

Over a span of seven years the AOC entered into 102 amendments increasing the total contract from \$33 million to \$310 million.

Table 2
Number and Cost of the Amendments to the Administrative Office of the Courts’ Contract With Deloitte Consulting LLP
 (Dollars in Thousands)

YEAR	NUMBER OF AMENDMENTS CREATED	TOTAL COST OF AMENDMENTS
2003	NA	\$33,089*
2004	†	0
2005	5	11,330
2006	32	49,610
2007	34	134,863
2008	19	70,045
2009	10	8,494
2010	2	3,037
Totals to date	102	\$310,468

Source: The Administrative Office of the Courts’ (AOC) records regarding its contract and amendments with Deloitte Consulting LLP.

NA = Not applicable.

* Valued at \$33 million, this is the original contract to develop the civil system.

† The AOC did not enter into any contract amendments in 2004.

By amending the contract to encompass services for all three systems, the AOC has become increasingly dependent on the development vendor for its knowledge and expertise.

Laws that apply to executive branch agencies—but not the AOC—would have required the significant changes in the scope of AOC’s contract with the development vendor be subject to review and approval by the Department of General Services. Further, existing provisions of law that apply specifically to the acquisition of IT by state agencies state the Legislature’s intent that agencies use an acquisition method that is compatible with their short- and long-term fiscal needs.

The AOC failed to ensure the warranty period in its contract with the development vendor for the civil system was effective during the time that warranty defects were most likely to become evident.

The AOC negotiated a 12-month warranty period that went into effect in November 2005 when the civil system was completed but courts had not yet deployed the system.

The warranty ended in November 2006, before any superior court had begun using the civil system in a live operational environment.

In an attempt to avoid similar problems with the warranty period, the AOC has negotiated with the development vendor so that the warranty does not take effect until CCMS has met all acceptance criteria.

It Is Unclear Whether the Deployment Efforts at the Early-Adopter Courts Will Provide Sufficient Information for Statewide Deployment of CCMS

Lacking a funding strategy to pay the total cost of the project, and recognizing the current fiscal constraints faced by the State, the AOC now plans to deploy the CCMS at three volunteer courts known as early-adopter courts— San Diego, San Luis Obispo, and Ventura county superior courts. In June 2010 the AOC entered into a contract amendment with the development vendor to conduct a readiness assessment of the early-adopter courts to assist in establishing a deployment strategy.

However, our IT expert indicates that the contract amendment does not adequately define the project deliverables related to the readiness assessment to ensure that AOC receives the information needed to successfully implement CCMS at the early-adopter courts.

Nonetheless, the readiness assessment completed by the development vendor in December 2010 shows significant risks that could impact the deployment, including the reluctance of superior courts to commit to the scope and schedule requirements, key local justice partners' inability to commit to integration, the scope and complexity of data conversion, and lack of available court staff to assist with deployment.

Appendix A

Risks Identified in the December 2010 Readiness Assessment of the Superior Courts That Are Early Adopters of the California Court Case Management System

One of the key objectives of the CCMS early-adopter courts’ readiness assessment was to identify the risks that will impact the project’s scope and timeline. The readiness assessment highlighted several risks that could prevent the successful deployment of CCMS at the three early-adopter courts. For example, the superior courts have indicated that staff do not have availability to work on deployment tasks given current vacancy levels. The readiness assessment also highlighted risks that indicate a lack of executive alignment and support for the project schedule. Table A summarizes the risks identified during the assessment. The risks have been categorized as either superior court-specific risks that require court actions or CCMS deployment program-level risks that require AOC’s actions.

Table A

Risks Identified in the December 2010 Readiness Assessment of the Superior Courts That Are Early Adopters of California Court Case Management System

CCMS RISK	IMPACT ON SUPERIOR COURT			CCMS PROGRAM IMPACT
	SAN DIEGO	VENTURA	SAN LUIS OBISPO	
Executive commitment	●	◐	○	●
Schedule	●	◐	○	●
Local justice partner participation	●	●	◐	●
Availability of court resources	●	●	◐	●
Data conversion	●	●	●	●
Facilities	◐	◐	●	●
Program governance	●	●	◐	●
Enhancement release	●	◐	○	●
Common production configuration	●	●	●	●
Administrative Office of the Courts/ California Court Technology Center support readiness	TBD*	◐	◐	◐
Technical infrastructure and environments	◐	◐	◐	◐

Source: Report by the development vendor, Deloitte Consulting LLP, titled *CCMS Early-Adopter Readiness and Integration Assessment Project*.

○ = Limited risk.

◐ = Identified risk.

● = Significant risk.

* The Superior Court of San Diego County has not decided where it will host the system, therefore, the risk cannot be evaluated.

Poor Cost Estimates and Uncertain Funding Have Plagued the Statewide Case Management Project

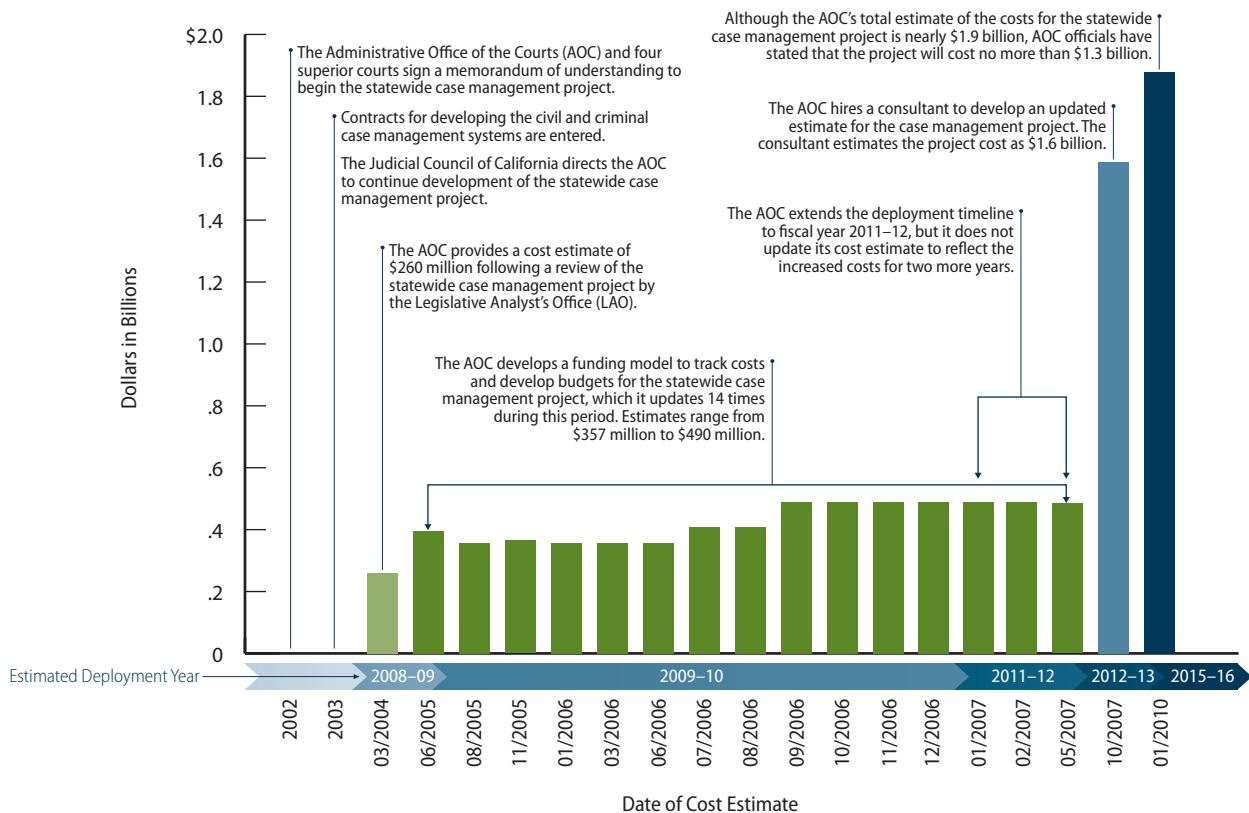
The AOC Consistently Failed to Develop Accurate Estimates for the Project

Although the AOC believed that the size, scope, and cost of the statewide case management project would be significant, it failed to develop a comprehensive budget and to estimate the total cost of the project until prompted to do so by the Legislative Analyst’s Office in 2004.

Between 2004 and 2010 the AOC developed four funding models; however, all four models consistently understated the project’s total cost.

As Figure 4 illustrates, the cost estimate has grown from \$260 million in 2004 to nearly \$1.9 billion by January 2010.

Figure 4
The Administrative Office of the Courts’ Cost Estimates for the Statewide Case Management Project From the Beginning of the Project to the Present



Sources: The March 2004 response by the AOC to the LAO and the AOC’s internal cost estimates from 2005 to 2010.

Although the AOC has fulfilled its reporting requirements to the Legislature, it did not provide additional beneficial information about the projected increases in total project costs.

Table 3
Expenditures Reported to the Legislature in Compliance With State Law Compared With the Administrative Office of the Courts’ Internal Estimates of Total Costs for the Statewide Case Management Project
 (In Millions)

DATE REPORTED	EXPENDITURES REPORTED TO LEGISLATURE AS REQUIRED BY STATE LAW	ADMINISTRATIVE OFFICE OF THE COURTS’ INTERNAL COST ESTIMATE FOR THE OVERALL PROJECT
December 2005	\$179	\$365
January 2007	271	490
April 2008	466	1,587
January 2009	744	1,587

Sources: The yearly reports to the Legislature by the Administrative Office of the Courts (AOC) that the AOC titled *Status of the California Court Case Management System and the Phoenix Program*, submitted on the dates listed, as well as the AOC’s internal cost estimates.

Note: The first column of figures includes the costs to date and an estimate of the costs for the current fiscal year and following fiscal year, while the second column of figures represents the AOC’s projected total cost for the statewide case management project.

The AOC’s internally developed model to estimate the cost of the statewide case management project extends the deployment timeline to fiscal year 2015–16 and estimates that the project’s total cost will be nearly \$1.9 billion.

However, the \$1.9 billion estimate excludes other significant but mostly unknown costs that will likely increase the overall cost to realize the full benefits of the project.

Most notable among these excluded costs are those that the seven superior courts incurred in deploying the interim systems, totaling \$44 million, and that all 58 courts will likely incur to deploy CCMS.

In addition, the AOC has not disclosed the general nature of the CCMS-related costs for the justice partners that exchange information with the superior courts.

CCMS Is at Risk of Failure if the AOC Cannot Identify Additional Funding

Although the AOC believes the development of CCMS will be complete by 2011, the AOC estimates that it will need \$1 billion to deploy CCMS to 400 different court facilities within the 58 superior courts.

However, as of September 2010, the AOC asserts that it has identified funding of roughly \$227.6 million for fiscal years 2010–11 and 2011–12.

The AOC Has Not Fostered Superior Courts' Receptiveness to the CCMS

Successful Implementation of the System Will Require the AOC to More Effectively Foster Court Support

All seven courts using the interim systems encountered unexpected difficulties and various challenges.

Although deployment began roughly four years ago some of the seven courts continue to face significant challenges including poor system performance.

Two courts are reluctant to deploy CCMS based on their experience with the interim systems.

Five courts reported experiencing increased efficiency and performance.

Some of the 51 Courts Not Using the Interim Systems Are Satisfied With Their Existing Systems

Of the 51 courts not using an interim system:

32 courts believe their current case management system will serve them into the foreseeable future.

18 courts responded that their current systems are meeting all of their needs.

39 courts expressed uncertainty about the CCMS project.

Large Superior Courts Assert That Local Hosting Is Critical to Their Ability to Improve the Civil System's Performance

Four of the seven courts—Fresno, Sacramento, San Joaquin, and Ventura—have their interim systems hosted at the California Court Technology Center in Tempe, Arizona.

Three large courts—Los Angeles, Orange, and San Diego—each installed the system's software on computers in their jurisdictions.

The AOC stated that the Judicial Council will require all courts to host CCMS at the Technology Center.

Many Courts Expressed Concerns About Data Conversion

Data conversion is a key step in successful deployment of CCMS and the AOC may encounter challenges in converting courts' data given the vast array of unique and custom-built systems used by superior courts throughout the State.

The 58 courts report that they use up to 108 case management systems. While 36 courts reported using one system, 22 courts reported using two or more. Data conversion was also identified as a significant risk by the development vendor in its recent readiness assessment of the three early-adopter courts.

Some Justice Partners Look Forward to CCMS, but the Extent to Which Local Governments Will Integrate is Unclear

To accomplish its goal of information sharing, CCMS includes 121 data exchanges to allow justice partners the ability to electronically share court case information.

Of the 51 courts not using the interim systems, 37 reported that they share information electronically with justice partners, and 28 reported doing so with more than three justice partners.

The development vendor's readiness assessment for the three early-adopter courts found that several justice partners will have difficulty funding modifications to their systems to allow them to interface with CCMS.

The AOC Has Not Ensured Adequate Independent Oversight of the CCMS

Under best practices for system development and implementation, entities normally contract with consultants to provide two types of independent oversight: independent verification and validation (IV&V) and independent project oversight (IPO).

The level of rigor for independent oversight should be commensurate with the size, scope, complexity, and risk of the project.

The AOC Has Not Provided Independent Oversight and Monitoring of the Statewide Case Management Project

Although the Judicial Council directed the AOC to continue development of the statewide case management project in 2003, the AOC did not contract for IV&V until 2004 and IPO until 2007.

The actual independent oversight that the AOC called for in its contract has been less than would be expected for such a large, complex, and costly project.

The AOC asserts that it never intended for the consulting firm to provide the sole IV&V or IPO services, nor did the consulting firm's contract include sufficient hours for its staff to do so.

The AOC further states that it initiated an approach to monitor CCMS that was multifaceted and included the consulting firm and AOC staff such as CCMS project management personnel, information services division staff, internal audit staff, and other AOC management and staff. However, the AOC could provide no documentation that such an approach was used.

The IV&V and IPO services contract did not require those services to be practiced in a manner consistent with best practices and industry standards.

The AOC Failed to Sufficiently Address Concerns Raised by the Consulting Firm

Our review of the consulting firm's reports from July 2007 through October 2010 found four concerns in particular that represented significant risk to the project, which the AOC does not appear to have appropriately addressed before the items were closed.

The consulting firm raised substantial and persistent questions about the project schedule and the quality of the system's requirements and design, which are key elements in the software development process.

According to our IT expert, the recent project history of the development of CCMS—including an unexpected 10-month delay that resulted from quality problems found during integration testing—suggests quality issues are likely present both in the product and the vendor's process for developing the system.

In addition, our IT expert believes that CCMS may be at substantial risk of future quality problems as a result of the AOC's failure to appropriately address concerns raised by the consulting firm and the quality issues already experienced.

RECOMMENDATIONS

The AOC should take the following actions:

- Ensure that it conducts a thorough analysis of the costs and benefits of CCMS.
- Make sure that all key decisions for future activities on CCMS are documented and retained.
- Report to the Legislature and others the true cost of the statewide case management project, including the costs for the interim systems and CCMS. In addition, the AOC should ensure that the superior courts track their past and future costs related to the project.
- Be clear in disclosing the kind of costs other entities, such as justice partners, will incur that are not included.
- Update its cost estimate for CCMS on a regular basis, as well as when significant assumptions change.
- Work with the Judicial Council, Legislature, and governor to develop an overall strategy for CCMS that is realistic, given the current fiscal crisis facing the State.
- Use the results from its consultant survey of the superior courts to identify and better understand the courts' concerns regarding CCMS and the status of their existing case management systems.
- Continue to work with the superior courts that have deployed an interim system to ensure that the AOC is promptly and appropriately addressing the courts' concerns with the systems.
- Retain an independent consultant to review the system before deploying it to the three early-adopter courts. If any quality issues and problems can be addressed without significant investment beyond the funds currently committed to develop the system, the AOC should deploy it at the three early-adopter courts.
- Going forward, the AOC can improve its process for managing future IT projects by completing a thorough analysis of costs and benefits before investing significant resources into development, documenting and retaining all key decisions, and ensuring that cost estimates are accurate and contain all relevant costs.