
MEMORANDUM

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To: Joint Legislative Committee on Information Management and Technology
From: Sean McSpaden, Principal Legislative IT Analyst
Date: May 10, 2023
Subject: Public Defense Services Commission - Financial/Case Management System
Budget Note Report & Policy Option Package 105 (SB 5532)
LFO Analysis and Recommendations

Agency Request: Acknowledge receipt of the report on the Financial/Case Management System

The budget report for HB 5202 (2022), an omnibus budget measure, included the following budget note direction to the Public Defense Services Commission (PDSC):

The Public Defense Services Commission is directed to report to the Joint Legislative Committee on Information Management and Technology and the Joint Committee on Ways and Means during the 2023 legislative session on the status of the re-initiation of the planning phase of the Financial/Case Management System (F/CMS) information technology project. The report shall include: a detailed business case, project timeline, and cost estimates. The Commission is to follow the Stage Gate or a similar disciplined process related to information technology projects, including development of key artifacts and independent quality assurance oversight.

In addition, PDSC has submitted a budget request for the 2023-25 biennium. Within Policy Option Package 105, the commission has requested the resources needed to complete project planning and to acquire and deploy a new financial and case management system (F/CMS) over the next 2-4 years.

A. LFO Analysis

Background

During the 2017, 2019 (HB 5532), and 2022 (HB 5202) Legislative Sessions, PDSC received funding and position authority to support financial and case management system (F/CMS) project initiation and planning activities. PDSC's report to the JLCIMT outlines the history of the Financial and Case Management System (F/CMS) information technology project and related efforts that date back to the 2017-19 biennium.

Project initiation and planning work conducted by PDSC between 2019-2023 was as follows:

2019 - 21: HB 5532

- PDSC received a \$2 Million Special Purpose Appropriate (SPA) for F/CMS project planning and independent quality management services

*Note: Although an initial business case, foundational project management documents, and initial risk assessments were completed, PDSC only made minimal progress during the 2019-21 biennium - due to multiple PDSC leadership changes, operational instability, and other factors.

2022: HB 5202

- The 2022 legislature provided \$743,588 General Fund and authorized the establishment of two positions (1.26 FTE) for the re-initiation of the planning phase of the F/CMS Project.
- With these resources, PDSC hired two certified project managers to oversee the re-initiation efforts, and, to date, the project team has accomplished the following:
 - Established Project Governance and Steering Committees
 - a. April 2023 - the PDSC Executive Director assumed the role of project sponsor.
 - b. Governance Committee is comprised of six (6) members - 5 voting and 1 non-voting.
 - c. Steering Committee is comprised of 14 members - 8 internal staff and 6 external public defense providers (consortia, private, contracted providers, and investigators)
 - Developed or updated the business case and other foundational project initiation documents/deliverables
 - Conducted business process and systems analysis assessments on existing manual and automated processes and “systems” in use by PDSC staff and stakeholders.
 - a. Compiled a list of key process workflows and over 900 existing system requirements
 - b. Conducted initial market research and received product demonstrations on viable replacement systems available within the marketplace
 - Assessed and documented existing data sharing agreements and system interfaces
 - a. Oregon Judicial Department for public defense court related data
 - b. DAS State Financial Management System (R*Stars) for PDSC’s accounting and financial management reporting requirements
 - c. Data file transfer requirements to and from PDSC’s contracted providers
 - Adopted an organizational change management approach for business operations
 - Executed contract with an Independent Quality Management Services (IQMS) Vendor
 - a. Since December 2022, the IQMS vendor has conducted an initial risk assessment, quality control reviews of foundational project documents, and is delivering ongoing monthly and quarterly quality assurance reports.

The purpose of this project is to replace PDSC’s legacy custom developed databases and manual processes with an integrated, cloud-hosted Commercial-of-the-shelf (COTS) financial and case management system. The current technology environment is aging, difficult to maintain and secure, and does not meet the operational needs of PDSC or its stakeholders. Efficient and effective PDSC operations require a modern financial management, case management and reporting solution that not only provides timely payments to the contract and provider community, but a capability to capture, analyze, and report comprehensive data on public defense services throughout Oregon.

Analysis

As directed by the PDSC budget note with HB 5202 (2022), PDSC has adopted the Stage Gate process for information technology project oversight for F/CMS, including Independent Quality Management Services, and is regularly communicating with LFO on project status. As part of its report to the JLCIMT, PSDC has provided the Legislative Fiscal Office with the three project artifacts * required by the budget note along with other associated F/CMS project documents:

- Business Case (Required by budget note)*
- Initial Project Timeline (Required by budget note)*
- Cost Estimates (Required by budget note)*

- Project Scope Document
- Project Governance Plan
- Project Charter
- PDSC - F/CMS Project Status Reports (January, February, and March 2023)
- Current Project Schedule in Work Breakdown Structure (WBS) format
- PDSC F/CMS Project - Requirements Traceability Matrix (RTM) Draft
- IQMS - Initial Project Risk Assessment (Finalized in March 2023)
- Monthly IQMS Reports (January 2023, February 2023)
- Quarterly IQMS Report (April 2023 for January 1 - March 31, 2023)
- IQMS - SOW Workbook (Payment and Deliverables Schedule)

Currently, the F/CMS project team is wrapping up Stage Gate 1 activities and has begun work on planning artifacts required for Stage Gate 2 as PDSC awaits the legislature’s decision on its 2023-25 budget request for the project (Policy Option Package 105).

Within a Request for Proposal (RFP) to be developed and posted following legislative approval, PDSC plans to pursue the acquisition of a Commercial-off-the-Shelf solution (likely a cloud hosted/managed service or SaaS - Software as a Service solution) rather than an on-premise hosted custom-designed solution, and configure and deploy that system via a multi-phased roll out beginning with PDSC’s Appellate Division, internal staff and early adopters. PDSC’s most recent business case (August 2022) estimated a total cost for planning and implementation of the new F/CMS to be approximately \$10.1 million.

The following is the general timeframe for the completion of the project (subject to change), as outlined in the report:

Stage Gate	Description	Timeframe
Stage Gate 1	Initiation	Substantially completed - May 1, 2023
Stage Gate 2	Planning	Est. completion by September 1, 2023
Stage Gate 3	Execution	Est. completion by January 2, 2024
Stage Gate 4	Closing & Phased Transition to Operations	Est. completion & rollout to early adopters by June 30, 2025; project closeout in 2025-27.

* Note: Initial project/implementation cost estimates (including the projected cost of ongoing operations and maintenance), and schedule timeline estimates in the Business Case and project management documents will need to be further refined once solution vendor cost and timeline proposals have been received and evaluated as part of the request for proposal (RFP) and contract negotiation process.

The PSDC project team is producing monthly project status reports that convey project status and high-level information on project scope, schedule, budget, and risk at the end of each period of performance. The most recent project status report (March 2023) indicates the project’s initiation phase is on track from a budget and schedule perspective, pending legislative action on PSDC’s 2023-25 budget request.

The IQMS vendor assessment findings in its most recent report (April 2023 report covering January 1 - March 31, 2023) reflect high-risk ratings in overall project health and status, and in the areas concerning project schedule, scope/quality and available resources. Although high risk areas were called out, they are not unexpected in the early formative stages of a project with this scope and magnitude or within an agency, board or commission that has gone through this much change and turmoil over the past few years. In addition, the findings in this most recent IQMS report show the overall health and status of the project is trending in the right direction from high to medium risk.

B. LFO Recommendations

The Legislative Fiscal Office (LFO) recommends that the JLCIMT acknowledge receipt of the Public Defense Services Commission's (PDSC) budget note report. Further, LFO recommends conditional approval of Policy Option Package 105 assuming the requested funding, spending authority, and personnel resources are made available to PDSC within SB 5532. Specifically, LFO recommends that PDSC:

- Continue to work closely with and regularly report project status to the LFO throughout the project's lifecycle.
- Follow the Stage Gate Review Process as directed by LFO.
- Contract for or hire qualified project manager(s), business analysts, and other technical staff with experience in planning and managing projects of this type, scope and magnitude.
- Hire or obtain via contract personnel with Lean Six Sigma Black Belt certifications to support project planning and implementation activities.
- Update Business Case and foundational project management documents as required.
- Continue contracting with an approved independent quality management services (IQMS) contractor throughout the project's lifecycle. The contractor shall:
 - Conduct risk assessments.
 - Perform quality control reviews on the updated Business Case, foundational project management documents, and other project deliverables as appropriate.
 - Perform ongoing, independent quality management services as directed by LFO.
- Proactively respond to and address IQMS contractor findings and recommendations.
- Submit updated Business Case, project management, ongoing risk assessment, and quality control review documents to LFO for Stage Gate Review.
- Report back to the Legislature on project status during the 2024 Annual Legislative Session and/or to interim Legislative committees as required.

- Motion on the LFO recommendations

C. Final IT Subcommittee Action

Transmit the Joint Legislative Committee on Information Management and Technology recommendations to the Public Safety Subcommittee of the Joint Committee on Ways and Means.