

J. Matthew Carroll
Assistant County Executive Officer

August 14, 2015

Sent Via E-Mail

Paul Derse
Assistant County Executive Officer/
Chief Financial Officer

Honorable Donald D. Coleman
Presiding Judge of the Superior Court
Superior Court of California, Ventura County
800 South Victoria Avenue
Ventura, CA 93009

Catherine Rodriguez
Assistant County Executive Officer/
Labor Relations & Strategic Development

Shawn Atin
Human Resources Director

Subject: Board of Supervisors' Response to 2014-15 Grand Jury Final Reports on County Project Management – A Case Study; Foster Care and Adoption Process in Ventura County; and Ventura County Hiring Processes

Honorable Judge Coleman:

In accordance with State requirements, responses from the Ventura County Board of Supervisors to the 2014-2015 Final Grand Jury reports referenced above are hereby submitted.

By way of this e-mail, copies of the responses to the subject reports (Exhibits 1, 2 and 3), Minute Orders and the August 11, 2015 Board Letter were provided to the Ventura County Clerk, to Superior Court Jury Services and to the Foreperson of the 2014-15 Ventura County Grand Jury. As has been the usual practice in past years, Jury Services will provide copies of the responses to the State Archives.

For information purposes only, this office supplied the Board with copies of the response previously submitted to the Superior Court from the Auditor-Controller to the Grand Jury Report "County Project Management – A Case Study" (Exhibit 1).

Should you have any questions, please call me at 654-2864 or Kathleen Van Norman at 654-2566.

Respectfully submitted,



J. Matthew Carroll
ASSISTANT COUNTY EXECUTIVE OFFICER

Attachments:

Board of Supervisors' response to 2014-15 Grand Jury Final Reports on:
"County Project Management – A Case Study" (Exhibit 1)
"Foster Care and Adoption Process in Ventura County" (Exhibit 2)
"Ventura County Hiring Processes" (Exhibit 3)

Copies:

- County Executive Officer, Michael Powers
- County Clerk, Mark A. Lunn
- Foreperson, 2014-15 Ventura County Grand Jury
- Superior Court Jury Services, Nan Richardson, Manager

J. Matthew Carroll
Assistant County Executive Officer

Paul Derse
Assistant County Executive Officer/
Chief Financial Officer

Catherine Rodriguez
Assistant County Executive Officer/
Labor Relations & Strategic Development

Shawn Atin
Human Resources Director

August 11, 2015

County of Ventura
Board of Supervisors
800 South Victoria Avenue
Ventura, CA 93009

Subject: Approval of Responses to 2014-2015 Ventura County Grand Jury Reports: "County Project Management – A Case Study", "Foster Care and Adoption Process in Ventura County" and "Ventura County Hiring Processes" for Submittal to the Presiding Judge of the Superior Court in Accordance with State Statute; and Receive and File the Response from the Auditor-Controller to the Grand Jury Report "County Project Management – A Case Study".

Recommendations:

- 1) That your Board approve the responses to the subject Grand Jury reports "County Project Management – A Case Study" (Exhibit 1), "Foster Care and Adoption Process in Ventura County" (Exhibit 2) and "Ventura County Hiring Processes" (Exhibit 3) pertaining to county government under your authority for submittal to the Presiding Judge of the Superior Court in accordance with State statute, and
- 2) Receive and file the response from the Auditor-Controller to the Grand Jury report "County Project Management – A Case Study" for information only as approval by the Board of Supervisors is not required.

Discussion of Recommendation No.1:

Penal Code §933.05 requires that your Board comment on the Findings and Recommendations of the Grand Jury pertaining to County government under your authority. On June 4, 2015 the 2014-15 Ventura County Grand Jury issued a report entitled, "County Project Management – A Case Study". On June 5, 2015 it issued a report entitled "Foster Care and Adoption Process in Ventura County" and on June 12, 2015 it issued a report entitled "Ventura County Hiring Processes". In addition to responding to the Findings and Recommendations sections, a number of statements in the Facts section of two of the reports, "County Project Management – Case Study" and "Foster Care and Adoption process in Ventura County" were also addressed.

Responses to 2014-2015 Grand Jury Reports:
"County Project Management – A Case Study", "Foster Care and Adoption Process in Ventura County"
and "Ventura County Hiring Processes"
August 11, 2015
Page 2 of 2

Given the large number of Grand Jury Reports this year, and given that all appointed department-head responses for this year's Grand Jury Reports were "requested" and not "required", the CEO's office will work with appointed departments to incorporate their requested responses into a single, consolidated response from the Board of Supervisors. In this manner, responses for the Grand Jury Reports before the Board today for your approval were prepared on your behalf by the County Executive Office and the affected appointed departments.

Discussion of Recommendation No. 2:

The response from the Auditor-Controller to the report "County Project Management – A Case Study" is submitted here for information only. The report required a response from the Auditor-Controller and, as an elected official, that response is submitted by the official directly to the Presiding Judge. Although your approval is not required for responses from elected officials we included the report response dated August 3, 2015, for your information.

The responses pertaining to County government under your control will serve as your Board's response to the subject 2014-2015 Grand Jury Reports to be filed as indicated in the recommended action along with any additional comments your Board may wish to make.

If your Board elects to amend the response prepared on your behalf to any of the subject reports then CEO staff, at your direction, will make such changes or additions prior to submitting the response to the Presiding Judge.

This letter was reviewed by County Executive Office, Auditor-Controller's Office and County Counsel. Should you have any questions or require additional information, please contact Matt Carroll at 654-2864 or myself at 654-2681.

Sincerely,



Matt Carroll
ASSISTANT COUNTY EXECUTIVE OFFICER



Michael Powers
COUNTY EXECUTIVE OFFICER

Attachments:

- Exhibit 1 – Response to "County Project Management – A Case Study" (for approval) along with a copy of the A-C response (for information)
- Exhibit 2 - Response to "Foster Care and Adoption Process in Ventura County" (for approval)
- Exhibit 3 – Response to "Ventura County Hiring Processes" (for approval)



BOARD MINUTES
BOARD OF SUPERVISORS, COUNTY OF VENTURA, STATE OF CALIFORNIA

SUPERVISORS STEVE BENNETT, LINDA PARKS,
KATHY I. LONG, PETER C. FOY AND JOHN ZARAGOZA
August 11, 2015 at 8:30 a.m.

COUNTY EXECUTIVE OFFICE – Approval of Responses to 2014-2015 Ventura County Grand Jury Reports: "County Project Management - A Case Study", "Foster Care and Adoption Process in Ventura County" and "Ventura County Hiring Processes" for Submittal to the Presiding Judge of the Superior Court in Accordance with State Statute; and Receive and File the Response from the Auditor-Controller to the Grand Jury Report "County Project Management - A Case Study".

- (X) All Board members are present.
- (X) The following person is heard: Matt Carroll.
- (X) The following document is submitted to the Board for consideration:
(X) Document: Revised Exhibit 1.
- (X) Upon motion of Supervisor Foy, seconded by Supervisor Bennett, and duly carried, the Board hereby approves staff recommendations as stated in the Board letter.

I hereby certify that the annexed instrument is a true and correct copy of the document which is on file in this office.

Dated: **8-14-15** MICHAEL POWERS
Clerk of the Board of Supervisors
County of Ventura, State of California

By: *M. Pelliciano*
Deputy Clerk of the Board

By: *Brian Palmer*
Brian Palmer
Chief Deputy Clerk of the Board



Response to Grand Jury Report

Report Title: County Project Management – A Case Study

Report Date: June 4, 2015

Response by: Mike Pettit Title: Chief Information Officer

FACTS

- I (we) agree with the facts numbered: FA-01;FA-02; FA-03; FA-04; FA-05; FA-06; FA-07; FA-09; FA-10; FA-16; FA-18; FA-19; FA-21; FA-23; FA-25;
- I (we) disagree wholly or partially with the facts numbered: FA-08;FA-11; FA-12; FA-13; FA-14; FA-15; FA-17; FA-20; FA-22; FA-24;

FINDINGS

- I (we) agree with the findings numbered:
- I (we) disagree wholly or partially with the findings numbered: FI-01; FI-02; FI-03; FI-04; FI-05; FI-06; FI-07; FI-08; FI-09; FI-10; FI-11;

(Attach a statement specifying any portions of the findings that are disputed; include an explanation of the reasons therefor.)

RECOMMENDATIONS

- Recommendations numbered R-01; R-03; R-05; R-06 have been implemented
- Recommendations numbered R-02; R-04 will not be implemented because they are not warranted or are not reasonable.

Date: 8-11-15

Signed:

Kathy J. Long
Kathy Long Chair – Board of Supervisors

Number of pages attached: 14

ATTEST: MICHAEL POWERS
Clerk of the Board of Supervisors
County of Ventura, State of California

By:

M. Feliciano
Deputy Clerk of the Board



FY 2014-2015 GRAND JURY FINAL REPORT

RESPONSES TO FINDINGS AND RECOMMENDATIONS

Report Number (& Date)	Report Title	Respondents (With FI and R #)
REPORT NO. 01	June 4, 2015	
Title:	<u>County Project Management – A Case Study</u>	
Required Respondent: (for approval)	<p>Board of Supervisors (FI-01, FI-02, FI-03, FI-04, FI-05, FI-06, FI-07, FI-08, FI-09, FI-10 and FI-11 plus R-01, R-02, R-03, R-04, R-05 and R-06)</p> <p>NOTE: Also includes responses to FA-08, FA-11, FA-13, FA-14, FA-15, FA-17, FA-20, FA-22 and FA-24.</p>	
Required Respondent: (for information)	<p>Auditor-Controller (FI-01, FI-03, FI-04, FI-05, FI-06, FI-08, FI-10 and FI-11 plus R-03 and R-04)</p>	
Requested Respondents:	<p>County Executive Officer (FI-01, FI-02, FI-03, FI-04, FI-05, FI-06, FI-07, FI-08, FI-09, FI-10 and FI-11 plus R-01, R-02, R-03, R-04, R-05 and R-06)</p> <p>County Information Officer (Information Technology Services) (FI-01, FI-02, FI-03, FI-04, FI-05, FI-06, FI-07, FI-08, FI-09, FI-10 and FI-11 plus R-01, R-02, R-03, R-04, R-05 and R-06)</p> <p>NOTE: Responses from requested departments are incorporated within Board of Supervisors' response.</p>	

BACKGROUND

The Health Care Agency Cerner Electronic Healthcare Record (EHR) project, which served as the example case study for this Grand Jury Report, went live on schedule and subsequently qualified for an unprecedented \$19M in federal meaningful use monies, a key goal of the project, within an exceptionally short period of time. This project was, by a large margin, the largest technology project in the County's history, automating all patient care; operations; and financial and patient account/billings functions across the County's entire system of care, including two hospitals, as well as thirty-five outpatient clinics located throughout the County.

Additionally, the County has a strong track record of bringing large-scale technology projects to completion, both on time and within budget. Other examples of large, multi-million dollar projects that the County has successfully completed include the VCIJIS Integrated Justice Information System; the PeopleSoft Payroll System implementation (and more recent large-scale upgrade); the Accela permitting and land management systems; and most recently, the implementation of the Ventura County Financial Management System (VCFMS) upgrade and the re-hosting of the CERNER system at the vendor's facility, both completed in July of this year.

FACTS

FA-08. As of May 2015, no Countywide policy mandates the use of a Project Management Institute (PMI) based project management methodology and/or the use of the available forms and templates posted on the F&P website. In fact, the County Administrative Handbook, chapter 5, paragraph 3 of Information Technology Policies, Standards & Guidelines specifically states, "The individual departments are responsible for choosing technological alternatives as a way of doing business, presenting the proposals necessary to acquire the proper approvals and funding for such projects, and for the management of the project once it has been undertaken." This allows an agency to manage its IT projects without the constraint of ITS forms, policies, procedures, and methodologies.

RESPONSE: Disagree. The County currently has an internally (IT Services Department)-developed project management methodology that is based on core Project Management Institute (PMI) principles which, although not previously mandated for use by agencies and departments, was in practice utilized on the large majority of County technology projects. Consistent with the recommendations within this report: On April 4 of this year, the County's policy governing IT Project Approval was modified to require the use of IT Services Project Management Methodology, or a similar Project Management Institute (PMI)-based project management methodology for all IT projects over 100K. This updated policy was posted on the web on June 1, prior to the receipt/publication of this Grand Jury report.

FA-11. The County's Intranet website provides links to the ITC quarterly meeting agendas and minutes from 2006 to 2015. Of the 44 meeting dates listed, 34% of the links to the meeting minutes were inoperable as of April 2015. The Grand Jury was unable to confirm that these meetings

Grand Jury Report Response: County Project Management – A Case Study

occurred.

RESPONSE: Disagree. The County verified that all documents are present. The missing links indicated were instances where an ITC meeting was cancelled and there were no associated documents. A modification has since been made to the website to remove ambiguity in this regard.

FA-12. The October 3, 2011 Automated Project Assessment Questionnaire (APAQ) for the Cerner EHR project presented to the ITC identified three goals, one measurement for success, and a minimal risk assessment.

- Goal 1: To replace VCHCA's clinical record system with a single system which complies with the HITECH provision of ARRA.
- Goal 2: To automate and integrate the patient accounting and supply chain management with the new clinical record system.
- Goal 3: To automate and integrate billing and claim management for leveraging information across the enterprise.
- Measurement: The single measure of this project's success would be achieving its first attestation in accordance with federal requirements under the "Stage 1 Meaningful Use" (MU) criteria by September 1, 2013.
- Risk assessment: Risk would be limited to the loss of federal reimbursement allocations and the issuance of fines if the project was not started by January 1, 2012, and completed by September 1, 2013.

RESPONSE: Partially Agree. We agree with the listed goals. However, we disagree with the inference that the only risk assessment done was the above initial statement contained within the original project APAQ. Risk assessment was conducted on an ongoing basis, throughout the entirety of the project. A risk management plan consists of an assessment of the project, identification of the risks, determination of the impacts and development of a mitigation plan, where required. At the time the contract was signed, HCA's primary responsibilities were to provide staff and end-user computing devices. The staffing risks were as follows: acquiring a full-time project manager, informatics analysts (i.e. clinically-trained systems analysts) and subject-matter experts. Each of these were identified as potential risks and a mitigation strategy was put into place. These included the request in the Board letter dated July 24, 2012, wherein funding was requested for a full-time project manager; additional allocations of internal staff to the project in both a Subject Matter Expert (SME) and Analyst capacity; and contract Informatics staff from Novacoast to augment internal staff, mitigate project risk, and ensure project completion. All of these resources were subsequently put into place on the project. The use of Novacoast contract staff, as opposed to hiring permanent County employees, avoided an estimated 6- to 12-month recruitment process and allowed for the accelerated hiring of project staff to ensure timely project completion. Additionally, end-user computing devices were identified as a risk area, both in terms of ability to procure (funding) and usability. Based on an

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analysis by HCA IT, user focus groups, and a review of several other local hospitals, an equipment list was prepared and sent to the HCA Cerner Steering Committee and, subsequently, the Board of Supervisors for funding.

FA-13. As indicated in its agenda, status reports on open projects need not be provided at ITC meetings unless requested by the ITC. Of those reports given, a quantitative assessment is not required. The reports reviewed for EHR were qualitative and thus could not be monitored with any metrics. They also failed to provide status for goals stated in the APAQ.

RESPONSE: Disagree. All projects approved by the ITC are required to submit quarterly written status reports until completed. In-person status reports are optional and/or at the request of the ITC. Additionally, as specified in the Project Management Institutes Book of Knowledge (PMBOK) Guide 5th Edition - sections 4.4.1.2, 4.4.1.3, 11.3 and 11.4 - both schedule and cost are key components in project monitoring and control; and both qualitative and quantitative measures may be used for assessing risk. It should be noted that the quarterly ITC project review process includes specific questions to be answered by each responsible project manager on the status of: 1) Project costs; 2) Project deliverables/schedule; and 3) New or unidentified risks, among other questions. Additionally, the County's Information Technology Committee was only one of three entities monitoring the status of the Cerner project. The HCA Cerner Project Executive Steering Committee had primary oversight; and the HCA Hospital Oversight Committee also monitored the ongoing progress of the Cerner Project.

FA-14. Project status reports for Cerner presented to the ITC on October 18, 2012; January 9, 2013; April 11, 2013; and October 9, 2013, were primarily qualitative; i.e. no quantitative progress was provided which would support a performance-based prediction of total project costs at the completion date and a performance-based prediction of the completion date. All reports stated that there was a shortage of County labor and thus milestones would not be met.

RESPONSE: Disagree. As noted in response to finding FA-13, the quarterly ITC project review process includes specific questions to be answered by each responsible project manager on the status of: 1) Project costs; 2) Project deliverables/schedule; and 3) New or unidentified risks, among other questions. Evidence that actionable reporting was sufficient was demonstrated through HCA's immediate hiring of Novacoast contract staff. The use of Novacoast contract staff, as opposed to hiring permanent County employees, avoided an estimated 6- to 12-month recruitment process and allowed for the timely hiring of project staff to address the resource shortage noted in the project status report. As a result of these staffing actions, the project went live on schedule and the County was able to qualify for 19 million dollars in American Recovery and Reinvestment Act Stage 1 Meaningful Use incentive funds by the required September 1, 2013 Stage deadline.

FA-15. The Grand Jury requested all project files that demonstrate how the Cerner project was conducted, including activities that cover the pre-Cerner- installation plan, the Cerner integration efforts, and the planned post-"Go-Live" maintenance tasks. The Grand Jury only received and

Grand Jury Report Response: County Project Management – A Case Study

reviewed the following project plans created by Cerner:

- Project file number one (submitted to the Grand Jury on January 21, 2015, as a Microsoft Project plan file), spanned the period from October 24, 2011 to September 30, 2013, and represented Phase 1 of the EHR System project implementation.
- Project file number two (submitted to the Grand Jury on January 21, 2015, as a Microsoft Project file, spanned the period from August 26, 2013, to March 18, 2014, and represented Phase 2 of the EHR System project implementation.
- Project file number three (submitted to the Grand Jury on January 21, 2015) spanned project period from "9/11/14 to 2/13/2014" [sic] and represented the project tasks to be completed, achieving "Federal Core Measures."
- Project file number four (submitted to the Grand Jury on January 21, 2015 spans the period from March 1, 2014, to December 27, 2019, and includes Cerner implementation of the Cerner Remote Hosting option and maintenance.

The plans reviewed did not have the PMI-required data for County labor needed to perform specific tasks. Resources such as equipment and labor for the project milestones were missing. The Grand Jury did not receive a County PMI-compliant plan for the Cerner project that was referenced in the BOS response to a 2013-2014 Ventura County Grand Jury report: "HCA did use a formal structured policy management plan for the Cerner System Implementation. The plan presented was the project plan required of Cerner in their contract with the County. This plan followed an Event Driven Project Management methodology." The project plans presented to the Grand Jury were developed by Cerner and covered only Cerner tasks. [Re 01, Re 07, Re 08]

RESPONSE: Disagree. The submitted project files documented the hundreds of specific, detailed tasks required of the project team to complete the project, and covered all phases of the project. The files provided evidence that, consistent with the County's response to the original June 2013-2014 Grand Jury Report on the Cerner project, a formal, structured project-management plan was utilized, i.e., Cerner's Event-Driven methodology. The County did not assert that the utilized plan was a PMBOK-based plan; or that an independent County plan had been developed; or that one was required.

FA-16. According to the BOS response to the 2013-2014 Grand Jury Report, Cerner uses a management method it calls "Event Driven Project Management Methodology." This methodology cannot be found in the standard ISO or PMI Management literature. It is used by Cerner as its own production planning tool because Cerner's work is driven by the customer's response (known as an "event") to its requirements. Cerner has no authority over the customer's workforce. Therefore, Cerner cannot predict when the customer will respond to its requests or how complete the response will be. The VCHCA, by contrast, was being driven by a very firm scheduled due date, the "Go-Live" date of July 1, 2013. Issues arise when event-driven methodologies are used on schedule-driven projects. A Federal Aviation Administration case study concludes that scope creep/project expansion and budget overruns are a consequence of this mismatch. (Ref-01, Ref-07, Ref-08, Ref-09, Ref-10, Ref-11, Ref-12)

Grand Jury Report Response: County Project Management – A Case Study

RESPONSE: Agree. We agree, in that the FAA study included these statements and reached this conclusion; however, we did not experience the same result with the Cerner Project, i.e. creep/project expansion or budget overruns caused by such creep/project expansion.

FA-17. As of May 1, 2015, the total cost of the EHR system had not been publicly disclosed. The Grand Jury requested audit data from the Ventura County Auditor-Controller in order to evaluate implementation performance. At the time of the request, no audit had been completed. However, the Grand Jury received the following information:

- County employee project time was not always charged to the project.
- Equipment purchased had not been inventoried or not charged to the project.
- Payments to vendors could not always be tracked to the project.
- The true cost of EHR could not be ascertained.

RESPONSE: Partially Disagree. While totals project costs continue to be finalized the statements above reflect preliminary (i.e., draft) findings, some of which will be clarified, or addressed, by the Health Care Agency and, we anticipate, not be present in the final report.

FA-19. The EHR funding process began with a VCHCA letter to the BOS dated October 4, 2011, that recommended the purchase of an EHR system with the vendor Cerner for \$32,466,000. The recommended project had an 18- month duration with a set of activities as follows:

- Month 1. Contract Execution
- Month 2. Hire Implementation Team
- Month 3. Project Kickoff
- Month 4-5 Training, Design
- Month 5-12 Build, Validate
- Month 13 Integration Test 1, Integration Test 2, Go-Live
- Month 14-18 Post Live System Check, Begin Production Maintenance Activities

[Ref-14, Ref-15]

RESPONSE: Agree. However, it was clearly identified within this initial Board letter that this amount did not represent the total project cost or needs; and that additional project components and costs, including project equipment and staffing/consulting costs, would be forthcoming.

FA-20. The BOS gave approval of and authorization for EHR expenses to be increased from the initial \$32,466,000 on October 4, 2011, to over \$71,000,000 as of May 7, 2015. [Ref-13, Ref-14] The history of BOS authorizations is as follows:

- April 10, 2012 for \$5,110,980 Cerner charges for services [Ref-15]
- July 24, 2012 for \$5,748,500 for staffing services, computerized physician order entry software and 5% contingency; \$4,450,000 to Nova Coast Corp. For staffing support during

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EHR (July 24, 2012 to June 30, 2013); \$125,000 to Lynx Corporation for physician order set creation services (July 24, 2012 to June 30, 2013) [Ref-16, Ref-17]

- May 21, 2013 for \$6,337,196 for medical equipment, end user equipment, licenses and software necessary to integrate patient care into EHR [Ref-18]
- June 24, 2014 for \$19,160,788 Cerner Remote Hosting [Ref-19]
- September 23, 2014 for \$514,560 not to exceed \$599,880 for annual hosting of the Health Portal, portal reporting database, and Helping Hands Level 1 support [Ref-20]
- November 4, 2014 for \$99,900 with the ability to expand to \$570,000; Second amendment to contract with Barnard Howard LLC [Ref-21]
- December 2, 2014 for \$379,000 for first amendment to contract with Luminous Technology Group (January 3, 2014 to June 30, 2015) [Ref-22]

RESPONSE: Disagree. The \$71 million cost identified as approved by the Board for the project includes approximately \$20 million which are not appropriately associated with project implementation costs, as they are for remote-hosting costs extending 10 years into the future. This project was initiated under unusual time constraints associated with qualifying for significant and unprecedented federal incentives of \$19 million. These time constraints included tight deadlines for automating all patient care; operations; and financial and patient account/billings functions across our entire integrated system of care, which is much larger than most health systems and the largest in Ventura County, and which includes two hospitals as well as thirty-five outpatient clinics located throughout the County. It is acknowledged that total project costs were not able to be fully identified prior to initial Board approval of the project. However, with the exception of the \$20 million for remote hosting; 3 smaller post-implementation contracts for billing support; and related tasks for approximately \$1 million, the initial and subsequent Board letters indicated that future Board letters would describe necessary additional costs. This occurred over the course of three subsequent Board letters, bringing the total planned implementation costs to approximately \$50 million.

FA-21. The Cerner contract estimated Cerner's travel expenses at \$346,000. As of December 31, 2014, the County had reimbursed Cerner Corporation over \$834,000 for travel expenses. [Ref-13]

RESPONSE: Agree. However, during the project an amendment to the contract was signed, decreasing other costs and increasing the travel allocation from \$346,000 to \$696,000. Final travel expenses are being reconciled as part of the post-project audit being conducted by the Auditor-Controller and may, in fact, exceed the modified \$696,000 amount.

FA-22. As of the July 1, 2013 "Go-Live" date, over 100,000 County employee hours had been used for Phase 1 of the EHR implementation.

RESPONSE: Disagree. We are unable to verify this number. Also, a number within this range would have to include system training for line staff not assigned to the project. The total number of County employee hours at go-live for employees dedicated

Grand Jury Report Response: County Project Management – A Case Study

to the project is approximately 63,000.

FA-23. The *Ventura County Star*, citing the EHR as a contributing factor, reported an \$8,550,000 loss at the Ventura County Medical Center (VCMC) in fiscal year 2014. [Ref-23]

RESPONSE: Agree. However, the operating loss for 2014 was due to a number of one-time events and expenditures, only one of which was related to the Cerner EHR project. As a comparison, operating profits for the year 2015 are estimated to be approximately \$15 million. The portion of the fiscal year 2014 operating loss attributable to the Cerner project was due to a planned 25% initial reduction in staff productivity following system implementation.

FA-24. Problems stemming from the implementation of the EHR system affected the VCHCA's ability to bill correctly, resulting in an operational loss. These problems created a large volume of uncollectable patient billing (estimated at \$40,000,000) that, even after being corrected, still left a substantial portion unrecoverable.

RESPONSE: Disagree. We are unable to determine from where the "\$40 million in uncollectible patient billing" stated is derived. VCHCA's figure for uncollected patient billing is a significantly small percentage of this amount, and none of the Cerner-related billing backlog is deemed to be "uncollectible". Additionally, one of the many benefits of the system is that the cash-collection trend at VCMC has continually improved since system implementation (increasing from \$92 million during the first six months following Cerner implementation, to more than \$122 million during the most recent six months), and now actually exceeds pre-Cerner system implementation levels. Also of note, the current loan balance to VCMC as of today stands at \$14.5 million, down from a high of \$73 million.

FINDINGS

FI-01. The Grand Jury found that project management across the County is inconsistent in its use of ISO/PMI best practices even though the expertise and resources to employ those practices are available through ITS. The EHR project governance, as defined by PMI, should have begun with a qualified project manager and a County project plan as early as 2009, when the search for a qualified vendor began. It did not. (FA-01, FA-02, FA-04, FA-05, FA-06, FA-07, FA-08, FA-13, FA-14, FA-15)

RESPONSE: Partially Agree. The Health Care Agency had its most senior technology staff, the Director of Information Technology, managing the project in its early stages and brought on a dedicated project manager in 2012 at the formal kickoff of the project, enabling successful delivery of the project on schedule. Although departments have discretion in utilizing ITS Project Managers, the large majority of County technology projects are in fact managed by ITS project managers or departmental project managers who have completed ITS's PMI-based Project Management

Grand Jury Report Response: County Project Management – A Case Study

Institute.

FI-02. The Grand Jury found that the County maintained a website with PMI-compliant forms, policies, and procedures during the EHR project. Not all project managers were aware of the website's existence and those who knew were not required to use any of the recommended procedures or documents. As of May 2015 no countywide policy, applicable to all agencies, identifies required project management standards. Merely posting recommended templates and documents on a website is not a clearly stated policy. (FA-04, FA-05, FA-06, FA-07, FA-08)

RESPONSE: Disagree. Consistent with the recommendations in this report, on April 4, 2015, the County's policy governing IT Project Approval was modified to now require the use of IT Services Project Management Methodology, or a similar Project Management Institute (PMI)-based project management methodology for all IT projects over \$100K. This updated policy was posted on the web on June 1, prior to the receipt/publication of this report.

FI-03. The EHR is an enterprise-level project based on its cost and its effect on other departments and agencies. Such effects include the integration with the County data network and the interface with the Auditor-Controller's office. Enterprise projects require formal risk assessments prior to a project start date. The risk assessment documented and approved on the APAQ did not meet the level of detail expected for an enterprise-level project. By limiting risk assessment to federal incentive reimbursement and fines, the County ultimately failed to address the impact the system could have on patient safety; the daily workflow of doctors, nurses, lab technicians, pharmacists, billing, and registration; and the effect on VCHCA's efficiency and profitability. (FA-01, FA-02, FA-12, FA-13, FA-14)

RESPONSE: Disagree. We disagree with the statement and inference that the only risk assessment done was the above initial statement contained within the original project APAQ. Risk assessment was conducted on an ongoing basis, throughout the entirety of the project. The risks and challenges associated with healthcare technology projects are well known to the professionals who work within the field; and there was significant involvement among such physicians, nurses and other medical clinicians and administrators, in both selecting and implementing the Cerner system. Such risks include steep learning curves; system training and adoption by busy medical staff; and successfully integrating both clinical and administrative functions, such as patient accounting, across both inpatient and outpatient environments. The involvement of such professionals, and the effectiveness of their risk-mitigation efforts, is evidenced by the unusual cancelling of HCA's initial procurement for a system and the issuance of a second full Request for Proposal, in order to identify a system which could more effectively address the risk of operating in both an inpatient and outpatient environment, such as that which is in place at the County of Ventura. There are only two such systems available in the marketplace; and neither of the vendors (Cerner, Epic) bid in response to the HCA's initial Request for Proposal.

Furthermore, a risk management plan consists of an assessment of the project;

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identification of its risks; determination of its impacts; and development of a mitigation plan, where required. At the time the contract was signed, HCA's primary responsibilities were to provide staff and end-user computing devices. The staffing risks were to acquire a full-time project manager, informatics analysts (clinically-trained systems analysts) and subject-matter experts. Each of these were identified as potential risks, and a mitigation strategy was implemented: Within the Board letter dated July 24, 2012, funding was requested for a full-time project manager; additional allocations of internal staff to the project in both in Subject Matter Expert (SME) and Analyst capacity; and contract Informatics and technical staff from Novacoast to augment internal staff, mitigate project risk, and ensure project completion. All of these resources were subsequently administered on the project. Additionally, end-user computing devices were identified as a risk area both in terms of ability to procure (funding) and usability. Based on an analysis by HCA IT, user focus groups, and a review of several other local hospitals, an equipment list was prepared and sent to the HCA Cerner Steering Committee and subsequently the Board of Supervisors for funding.

FI-04. Scheduled quarterly ITC status reports for the EHR project were infrequent and inadequate, allowing the project to expand in both scope/size and cost. Failure to have quantitative project status and Estimate at Completion (EAC) reports caused ITC, the governing group, to miss opportunities to identify problems and take corrective action throughout the EHR project. (FA-09, FA-10, FA-11, FA-13, FA-14, FA-23, FA-24)

RESPONSE: Disagree. The County's Information Technology Committee (ITC), which is comprised of two members of the Board of Supervisors; the County Executive Officer; the County Chief Information Officer; three appointed department heads; the Sheriff; and the Auditor-Controller, was only one of three entities monitoring the status of the Cerner project. The HCA Cerner Project Oversight Committee had primary oversight; and the HCA Hospital Oversight Committee also monitored the ongoing progress of the Cerner Project. The ITC is a model among California County IT Oversight and Governance entities, and actively monitors the status of all projects which it approves. Although additional metrics can be beneficial, the quarterly ITC project-review process includes specific questions to be answered by each responsible project manager on the status of: 1) Project costs; 2) Project deliverables/schedule; and 3) New or unidentified risks, among other questions. Actions taken to address resource shortages and deliver the Cerner project on schedule demonstrate that the current practices are appropriate.

FI-05. Information contained in the EHR project and plan documentation provided to the Grand Jury was incomplete and inaccurate and did not reflect effective project management. These documents did not accurately allocate or report the amount of time needed or spent on projects by County employees. They did not track the progress and cost of the individual tasks assigned to County resources. (FA-13, FA-14, FA-15)

RESPONSE: Disagree. The submitted project files documented the hundreds of specific,

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detailed tasks required of the project team to complete the project, and covered all phases of the project. The files provided evidence that, consistent with the County's response within the original June 2013-2014 Grand Jury Report on the Cerner project, a formal structured project management methodology was utilized. This event-driven project management method technique was required by our contract with Cerner, and the County has often contracted with our large system implementation vendors to maintain and manage the master project plan and associated files for a project (examples include our PeopleSoft Payroll project and components of the VCIJIS integrated justice system, among other projects). Additionally, this event-driven methodology has been successfully utilized by Cerner to implement other client projects. This methodology is especially prominent, and has been utilized for decades, within the Aerospace industry wherein, for example, systems of an aircraft are developed independently but to a common specification. Similarly, Cerner and HCA staff united to form a project team, led by a Cerner Solution Architect, and focus on a solution. HCA intentionally did not develop a staffing plan detailing hours per task. Cerner requested two staff members per solution, and that was what was provided. HCA needed only to identify and assign the required staff members to the project team, and was therefore able to estimate the costs associated with those resources.

FI-06. The Grand Jury found that County labor required for the EHR project, as documented in the APAQ, was severely underestimated and ultimately proved more costly than originally proposed. The Grand Jury could not accurately verify the labor hours and cost due to the tracking methodology employed during the project. (FA-13, FA-14, FA-15, FA-17, FA-19, FA-22, FA-23)

RESPONSE: Disagree. Staffing requirements were underestimated, albeit not severely, and shortages were rapidly addressed upon identification. We believe that the Grand Jury arrived at this conclusion by including all agency-wide hospital and clinic training in its hours figures. However, the project staff costs presented and approved by the Board were never intended to include agency-wide training hours, only the cost of staff fully dedicated to project implementation.

FI-07. VCHCA knew from its research and the ITC knew from its status reports that there was a shortage of County personnel assigned to the project, but both failed to take the necessary and timely corrective action. (FA-14, FA-25)

RESPONSE: Disagree. As noted by the Grand Jury, the quarterly ITC status reports indicated that there were staff resource constraints. However, this was noted very early in the project and was the primary reason, among others, that HCA hired Novacoast contract staff to expedite the hiring of resources, as opposed to going through a lengthy internal recruitment process. These resource constraints were subsequently addressed and HCA's actions in this regard allowed the project to go live on schedule.

FI-08. VCHCA failed to develop a project plan to reflect the hours and resources necessary to integrate with the Cerner production schedule. (FA-01, FA-15, FA-16)

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RESPONSE: Disagree. Based upon the methodology employed (see response to FI-05), this was not necessary. Cerner requested 2 staff per solution and that was what was provided. HCA needed only to identify and assign the required staff members to the project team, and was therefore able to estimate the costs associated with those resources. A detailed list of implementation tasks was developed and provided to the Grand Jury. The submitted files documented the hundreds of specific, detailed tasks required of the project team to complete the project, and covered all phases of the project. The files provided evidence that, consistent with the County's response within the original June 2013-2014 Grand Jury Report on the Cerner project, a formal structured project management methodology was utilized.

FI-09. The ITC allowed the adoption of an APAQ that gave priority to meeting a "Meaningful Use" date. Setting this priority distracted from establishing a PMI-compliant project plan. VCHCA adopted the vendor's "Event Driven Methodology," which covered Cerner's production but did not integrate into any County plan. (FA-12)

RESPONSE: Disagree. The event-driven methodology resulted in successful on-time completion of the project and approval of the APAQ, while confirming that there were time constraints associated with achieving meaningful use, did not impinge on successful completion of the project.

FI-10. The ITC had no way to quantitatively measure successful completion of the APAQ goals. The project cannot be called complete until all outstanding substantive issues related to satisfaction of the APAQ goals are resolved and accurate project performance data is produced. (FA-12, FA-20, FA-23, FA-24)

RESPONSE: Partially Agree. The ITC did not have quantitative measurements related to specific goals. However, the goals identified in the APAQ were all successfully met, given the aforementioned oversight of the project by the HCA Executive Steering Committee; and Meaningful Use was achieved to a laudable degree. Additionally, as noted in response to finding FA-13, the quarterly ITC project review process includes specific questions to be answered by each responsible project manager on the status of: 1) Project costs; 2) Project deliverables/schedule; and 3) New or unidentified risks, among other questions.

FI-11. From October 2011 through December 2014, the BOS authorized in excess of \$71,000,000 for the EHR. County labor hours and other expenses not charged to the project, reimbursement for Cerner travel expenses, and losses from uncollectable billing ultimately will increase total costs to an amount not currently known. (FA-17, FA-20, FA-21, FA-23, FA-24)

RESPONSE: Disagree. The \$71 million in project costs, noted as approved by the Board, includes approximately \$20 million which are not associated with project implementation costs, since they are for remote-hosting costs extending 10 years into the future. This project was initiated under unusual time constraints associated with qualifying for federal incentives. It is acknowledged that total project costs

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were not able to be fully identified prior to initial Board approval of the project and total actual project costs are being finalized in conjunction with the Auditor-Controller's project audit. However, with the exception of the \$20 million for remote hosting; and approximately \$1 million for three smaller, post-implementation contracts for billing support and related tasks; the initial and subsequent Board letters indicated that future Board letters would state necessary additional costs. This occurred over the course of three subsequent Board letters, bringing the total planned implementation costs to approximately \$50 million. Additionally, HCA has not deemed any billing uncollectable and is continuing to pursue collection of delayed billings associated with system implementation.

RECOMMENDATIONS

Note: The Board of Supervisors has delegated oversight and authority over the management of information technology and project management to the County Executive Office, such that the recommendations within this report would be carried out by the County Executive Office, rather than through an action by the Board of Supervisors.

R-01. The Grand Jury recommends that the Board of Supervisors standardize the use of project management "best practices" (e.g., PMI and ISO) and formalize the approval of any deviation from the standards requested by the project. (FI-01, FI-02, FI-08, FI-10)

RESPONSE: Implemented. On April 4, 2015, the County Executive Office modified the County's policy governing IT Project Approval requiring the use of IT Services Project Management Methodology; or a similar Project Management Institute (PMI)-based project management methodology for all IT projects over \$100K. This updated policy was posted on the Web on June 1, prior to the receipt/publication of this report.

R-02. The Grand Jury recommends that the Board of Supervisors direct all agencies to use PMI-certified project managers on medium- and large- sized projects and/or provide training and oversight by PMI-certified project managers on projects using personnel who lack that certification. (FI-01, FI-03, FI-05)

RESPONSE: Will Not Implement. The County currently maintains a practice of assigning PMI-certified or trained project managers on medium and large-sized projects. Additionally, the County has conducted PMI-based project management training academies for managers who lead projects, and has plans for an upcoming project management training academy in the fall of 2015. This combination of PMI-certified/trained and internally-trained project managers has provided an outstanding track record of successful IT project completion at the County and will continue to be utilized. Examples of successfully completed projects include the VCIJIS integrated justice information system; the PeopleSoft Payroll system implementation (and more recent large-scale upgrade); the Accela permitting and land management systems; and, most recently, the upgrade of the Ventura County Financial Management System (VCFMS) and the re-hosting of the CERNER

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system at the vendor's facility.

R-03. The Grand Jury recommends that the Board of Supervisors direct that all agencies routinely include the cost of the project manager and/or support for PMI project management services in the budgeted cost for medium- and large-size projects. (FI-01, FI-05, FI-08, FI-10)

RESPONSE: Implemented. The practice of including the cost for project management in projects of medium- and large-size is regularly followed at the County.

R-04. The Grand Jury recommends that the Board of Supervisors direct all agencies to use labor and capital codes for specific task line items in medium- and large-size projects and that the projects be independently audited. (FI-03, FI-04, FI-05, FI-06, FI-08, FI-10, FI-11)

RESPONSE: Will Not Implement. The County routinely tracks project labor costs, especially since such records are often stipulated by grant funders; likewise, labor costs associated with capital improvements must be tracked in order to be capitalized in conjunction with projects. Our understanding is that the recommendation applies to the kind of labor tracking routinely associated with large-scale defense or aerospace industry contracts, where every individual line item task in a project, has its own cost accounting number, regardless of size. We are concerned that the effort required to perform this rigorous level of labor accounting would be an inefficient use of public funds for the size of projects that the County routinely generates. With regard to independent auditing, as previously noted the County has an outstanding track record of successful IT project completion and we believe the use of independent auditing is not uniformly required and when necessary, can be appropriately and most cost effectively performed by the County Auditor-Controller.

R-05. The Grand Jury recommends that the Board of Supervisors assign to the ITC the responsibility and authority to regularly: monitor achievement of stated project goals; ensure compliance with the approved project process; enforce utilization of quantitative data to measure project progress; identify problems; and assure that prompt corrective action is taken. (FI-03, FI-04, FI-07, FI-08, FI-09)

RESPONSE: Implemented. The County's Information Technology Committee (ITC) currently has the responsibility to approve, and assure use of, approved project processes (added in April 2015); and to monitor progress on County Projects over \$50K in size. The ITC is a model among California County IT Oversight and Governance entities and was implemented through consultation with Gartner Inc., a world leader in Information Technology Management best practices. The ITC actively monitors the status of all projects which it approves. Although additional metrics can be beneficial, the quarterly ITC project-review process includes specific questions to be answered by each responsible project manager on the status of: 1) Project costs; 2) Project deliverables/schedule; and 3) New or unidentified risks, among other questions. Additionally, for medium- and large-scale projects, an executive steering committee composed of leaders from the stakeholder agency

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is established and has direct accountability and oversight for the project. The ITC serves as an additional oversight to help facilitate coordination of the County's IT investments and successful completion of projects; however, ultimate responsibility for the success of each project lies with the director of each agency who champions the project. The County's long-standing performance record on projects of all sizes is demonstrable proof that additional measures are not warranted at this time. As previously noted, examples of successfully completed projects include the VCIJIS integrated justice information system; the PeopleSoft Payroll system implementation (and more recent large-scale upgrade); the Accela permitting and land management systems; and, most recently, the Ventura County Financial Management System (VCFMS) upgrade and the re-hosting of the CERNER system at the vendor's facility, both completed in July 2015.

R-06. The Grand Jury recommends that the Board of Supervisors direct the ITC to conduct post-mortem project reviews to determine "lessons learned" and publish the results in support of continuous process improvement. (FI-06, FI-07, FI-08, FI-II)

RESPONSE: Implemented. On April 4, 2015, the County Executive Office implemented a modification to the ITC's project-status reporting process that requires all projects over \$100K to complete a standardized PMI-based project post-mortem closure report. This updated requirement was incorporated into the ITC project-status reporting form on June 1, prior to the receipt/publication of this report.