

REPORT HIGHLIGHTS
PERFORMANCE AUDIT

Subject

The Administrative Office of the Courts (AOC) provides a variety of services and programs to assist courts throughout the State in fulfilling their responsibilities. This includes implementing state-wide information technology initiatives to help courts manage cases, collect fines, and track probationers.

Our Conclusion

Although AOC has established a fairly comprehensive framework for managing its staff's development of information technology systems, additional steps will enhance its process. AOC can also improve management of the judicial collections program by increasing vendor oversight and adopting performance measures.



2006

Added Steps Can Improve AOC's Sound IT Project Management

The Arizona Constitution gives the Chief Justice of the Supreme Court administrative supervision over all courts in the State. The Constitution also requires the Supreme Court to appoint an administrative director who heads the Administrative Office of the Courts (AOC) to assist the Chief Justice in his/her administrative responsibilities. As part of its administrative responsibilities, AOC implements state-wide information technology initiatives for all courts under the guidance of the Commission on Technology (Commission).

Technology initiatives are major AOC focus—Almost 25 percent of AOC's over 400 positions are assigned to its Information Technology Division. In fiscal year 2006, AOC planned to spend \$9.8 million on technology infrastructure and support and \$2.8 million on information technology system development. Under the guidance of the Commission, which is headed by the vice chief justice and comprises members from the courts, state, county, city/town officials, and the public, AOC is planning or developing 11 state-wide IT projects at a cost of \$10.5 million during fiscal years 2006 through 2008.

The Commission has taken two approaches to developing IT projects. In some cases, AOC has developed the projects internally. However, AOC has recently partnered with individual courts to develop IT systems for potential state-



wide use. For example, the Pima County Superior Court is developing a new case management system for potential use in superior courts state-wide.

Examples of Information Technology Projects in Development

- Case management system for superior courts
- Case management system for municipal and justice courts
- Automated collections system for fines, fees, and restitution
- Automated information on warrants
- Electronic document management system

AOC developed IT projects

AOC has developed a fairly comprehensive framework to guide internal project development. However, it can take several steps to further improve this framework.

IT project management generally sound—AOC has developed an IT project management framework to provide guidance to project managers who are internally developing an IT system. This framework addresses most

of the key areas recommended by IT industry standards for project management. Use of this framework reduces the risk of cost overruns and project cancellations, improves communication with end users, and ensures project value and quality.

As an example of the framework's effectiveness, its use has facilitated the development and implementation of the Adult Probation Enterprise Tracking System (APETS). APETS' development has closely adhered to the framework and as a result, AOC has been able to successfully implement APETS in 10 counties as of May 2006. Although APETS experienced some delays due to staffing shortages, use of the framework ensured that project plans were updated and management was informed as the delays occurred.

AOC can improve in three areas—

Although AOC has a generally sound framework for managing internal IT projects, it can improve it in three areas. These areas are illustrated in problems AOC experienced implementing the Juvenile On-line Tracking System (JOLTS). Specifically:

- 1) **Risk management**—The AOC framework requires project managers to develop a plan to address risks to the project but does not provide guidance on how to identify and address risks. Managers of the JOLTS project identified lack of programmer experience with the system technology as a risk. In response, AOC provided training for the programmers, but did not monitor whether the training addressed the risk. The project eventually fell 6 months behind schedule before additional action was taken.
- 2) **Stakeholder communication**—While the framework requires approval of the project scope before detailed planning can begin, it does not require the project managers to specify the frequency and form of stakeholder communication. As a consequence, on JOLTS the project managers did not have communication with an important stakeholder for 4 to 5 months.
- 3) **Independent monitoring and review of**

project status—When JOLTS began to experience problems, the project managers provided inaccurate information to management on the project's status. Management became aware of the problems only after the project was about 6 months behind schedule.

Also, AOC has not always monitored whether project management adheres to the framework. For example, although JOLTS had a project scope, the scope changed but was not formally updated, and AOC and stakeholders did not have an opportunity to review and approve the changes. AOC should adopt policies and procedures requiring all IT projects to use the framework and the circumstances under which a project does not have to implement the full framework.

AOC and the Commission monitor court-developed projects

As part of partnering with individual courts to develop projects for state-wide use, AOC and the Commission have implemented processes to monitor these projects. However, some improvements can be made to this monitoring.

JPIJ process—To help in monitoring projects, the Commission adopted a Judicial Project Investment Justification (JPIJ) form and process that are patterned after the form and process used by Arizona's Government Information Technology Agency. While the Commission must approve all IT projects, only those costing more than \$250,000 must submit a JPIJ form. The form requires information about the type of system or application, the need for the system, benefits of the system, its cost, and funding sources.

As of March 2006, the Commission had approved four JPIJ applications and another was under review.

Monitoring milestones—In addition to the JPIJ application, the Commission only

releases funds as the project reaches milestones. The Commission also receives monthly status reports and other court personnel receive regular project demonstrations. Further, AOC's chief system architect routinely reviews the code written for projects.

Improvements to monitoring—Additional information about projects could help with project oversight. AOC should have formal partnering agreements with each court. Such an agreement would specify project deliverables and assign responsibilities.

AOC should also assess and manage risks identified with the development of systems. AOC does not have a process for assessing risks for IT systems developed by courts. For example, in order to implement state-wide the superior court case management system developed by Pima County, the superior court in each county will need to standardize its business processes. Currently, each court may have different business processes, but AOC has not assessed the risks to the project if the courts do not standardize their business processes.

Recommendations

AOC should:

- Continue to improve its project management framework, such as monitoring risks, specifying the frequency of communication, and monitoring project status;
- Develop policies and procedures requiring all IT projects to use the project management framework; and
- Improve oversight of state-wide IT systems courts have developed by creating formal agreements and implementing risk assessments.

AOC Needs To Improve Collection Contract Oversight

To assist the courts in collecting fines, fees, and penalties, AOC created and implemented the voluntary Fines, Fees, and Restitution Enforcement (FARE) program. FARE provides several services such as skip-tracing, intercepts of tax refunds and lottery winnings, and holds on vehicle registration. In June 2003, AOC contracted with a vendor to provide these collection services. The vendor charges a fee for each case submitted, and AOC adds a \$7 general service fee. AOC's goal is to have all 187 courts participate in FARE. While 58 courts participate in FARE, only 2 courts have the technology to allow full participation. The remaining courts use an interim option that gives them partial access to

FARE until the new case management system is developed.

FARE Information as of July 2006:

- 58 courts participate
- \$60.6 million collected since August 2003
- Outstanding fines, fees, and penalties total about \$382 million

AOC can improve vendor oversight—To better manage the vendor's contract, AOC needs to address some gaps in the contract:

- Some contract requirements do not carry a penalty for failure to comply, such as those

related to the backlog for special collections services.

- The contract does not require a general assurance review by an independent auditor to ensure that the vendor has sufficient internal controls and security to protect data, money, and other assets. The vendor has undergone such a review voluntarily.

Although AOC uses a performance log to track the vendor's compliance with contract terms, AOC has not decided how frequently it will monitor compliance or how it will verify that the vendor has actually complied. For example, although the log indicates that the vendor uses skip-tracing as required for undeliverable notices, the log contains no information on how staff determined compliance.

FARE performance measures are needed—AOC has not yet developed performance measures for its FARE program. The National Center for State Courts (NCSC) recommends eight measures for court collections programs, including:

- The total dollar amount of penalties collected;
- A comparison of the dollar amount of penalties collected to the amount of penalties due;
- A comparison of the amount of penalties and restitution collected to the total amount due; and
- A comparison of restitution collected to the amount of restitution due.

AOC collects data for seven of the eight measures and could establish several of the NCSC collections measures for the FARE program.

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Recommendations

AOC should:

- Address gaps in its current FARE vendor contract;
- Improve its oversight of the FARE vendor by defining when and how to assess compliance; and
- Develop and implement performance measures for the FARE program.