

Office of the
Internal Auditor

AUDIT REPORT

February 2024

ELMS Project Governance



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Executive Summary

Background

The Enterprise Litigation Management System (ELMS) is Citizens' system of record for all litigated matters arising out of disputed claims. This system is utilized by authorized users, primarily from Claims Litigation and Claims Legal Counsel, and by outside defense counsel for litigation management, reporting, and billing purposes.

In 2022, Citizens procured a new ELMS through ITN 22-0019. After a thorough procurement process that concluded in 2023, the contract was awarded to Litify¹ as the primary vendor and DXC as the contingent vendor. Because this system is critical² to Citizens' operation and the current ELMS is set to expire without the possibility of renewal, effective governance and project management procedures are paramount for the successful implementation of Litify's solution and to minimize risks throughout the process. The new ELMS is expected to enhance the management, analysis, and reporting of litigated matters.

Internal Audit monitored the procurement process (see 2023-MAS-09 Claims Litigation Management System Procurement) and is monitoring the implementation of the ELMS, which commenced late in 2023 with the Discovery phase and the involvement of the vendor's implementation partner, CGI. Internal Audit will also provide assurance concerning the governance of the project's implementation.

Objectives and Scope

The purpose of this engagement is to evaluate the core project elements and ensure that the established governance, management structures, and workflows are in place and operating effectively and that all the appropriate stakeholders from the impacted business units are included in the process. The scope of our audit included the following elements:

- Contractual Documentation
- Project definition, requirements, and timelines
- Implementation structure, organization, and governance
- Risk Management procedures

Audit Results

Project governance refers to the framework that guides how a project is planned, executed, and managed in an organization by setting forth policies, regulations, functions, processes, procedures, and responsibilities, among others. Leading practices seek to ensure proper oversight, control, integration, and decision-making as part of the project.

Citizens' Agile Program Management function, which is part of the Enterprise Business Agility division, assists business units in defining and delivering enterprise programs and initiatives while maximizing business value. Citizens' project managers utilize the Program and Project

¹ Litify is a legal case management SaaS service built on the Salesforce platform, which allows for customizations and the integration of other systems in use by Citizens

² Citizens currently stores data and documents associated with over 125,000 combined historical (closed) and active (open) litigated matters. In total, the ELMS is accessed by more than 4,000 combined users, made up of Citizens' internal resources and contracted outside defense counsel to manage, process, and pay approximately \$100,000,000 of annual litigation-related spend.



Executive Summary

Management Approach (PPMA) to define a project's framework and document its organization, individual roles and responsibilities, and governance. The PPMA is a living document that is scalable for each initiative, and as such, it should be updated as necessary.

To assess the adequacy of the project's governance and its alignment with leading practices and standards, Internal Audit reviewed the PPMA together with other documents germane to the ELMS, including the project's concept proposal, contracts and amendments, and official memoranda presented before Citizens' Board of Governors. Through this review, Internal Audit validated management's consideration and inclusion of relevant project elements and noted no exceptions. The ELMS project's governance conforms to leading practices and standards.

Notwithstanding the above, management is encouraged to consider the following improvement opportunity when developing the management approach for a project or program to enhance the effectiveness of the process:

- **Timely PPMA** – While the governance structure was in place at the time the ELMS project began, the PPMA document, which is intended to aid in stakeholder awareness, engagement, and accountability, was not finalized until five months after project commencement. Management should ensure that the PPMA document is thoroughly and carefully completed, includes stakeholder input, and is distributed as appropriate before or during the early stages of the commencement of a project. The document should be updated regularly to capture any material changes or deviations.

The improvement opportunity was shared with management who commenced implementing corrective action.

Internal Audit will continue monitoring the ELMS implementation and will provide updates in alignment with key milestones or as required. We would like to thank management and staff for their cooperation and professional courtesy throughout this engagement.



Distribution

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