

# Office of the Internal Auditor

## Advisory Memorandum May 2023

Claims Litigation Management  
System Procurement





## Advisory Memorandum

### Background

Citizens uses an enterprise litigation management solution (ELMS) to facilitate the handling, analyzing, and reporting of litigated claims. This system is utilized by Citizens' internal staff and outside defense counsel to manage all communications, documents, and invoices related to these legal matters, making it critical to Citizens' day-to-day operations.

In 2020 and 2021, respectively, and anticipating the agreement's expiration with the current ELMS vendor (Acuity), Citizens issued ITNs 20-0011 and 21-0007, seeking competitive bids from vendors capable of providing a solution that met Citizens' required business and technical functionalities. Regarding the first ITN, Citizens issued a formal notice to withdraw it and rejected all replies to complete an operational assessment and to incorporate feedback from the Board of Governors. Concerning the second ITN, after awarding the solicitation to Mitrtech (Acuity), Citizens was unable to reach an agreement with Mitrtech on the final contract terms to provide system functionality consistent with their best and final offer.

Considering this last development, Citizens secured a contract extension<sup>1</sup> with the current vendor and returned to the market with ITN 22-0019, seeking competitive bids for the ELMS. With a new ELMS, Citizens expects to enhance the handling, communication, and reporting of litigated matters, drive performance, and identify emerging trends early, among others.

### Objectives and Scope

Internal Audit monitored the procurement and provided advisory services to the Procurement Team before and during the process to ensure the ELMS procurement was strengthened by integrating lessons learned and shared by the different business units involved.

### Results

Internal Audit was part of the project team and monitored the procurement process to help ensure the project followed Citizens' procedures and provided advice as a third-party observer. In addition, Internal Audit confirmed the integration of lessons learned from past procurements, also that appropriate stakeholders were included in the project, and that the procurement team focused on selecting a vendor of the best value with a solution that meets the required business and functionality requirements.

Through ITN 22-0019, Citizens invited vendors to submit their replies for an ELMS. The ITN included a thorough vendor questionnaire and functionality workbook that were revised from lessons learned to allow for broad market competition, and deeper evaluation of the responses. The process included scheduled demo sessions with the opportunity for reverse demos, as well as "Ask-Me-Anything" sessions and follow-up meetings with the vendors to ensure they understood Citizens' requirements and needs. The process also focused on the implementation phase of the vendors' solutions by including Preliminary Statement of Work (Pre-SoW) requirements. As part of the strategies developed, the Team considered naming one or more contingent vendors and a "nuclear" option whereby Citizens would seek to develop and deploy its own ELMS if the applications did not meet

---

<sup>1</sup> A three (3) year extension was contracted (See contract no. 22-22-0003-00) with Acuity Management Solutions commencing on June 19, 2022, with Citizens' ability to terminate it at its sole discretion at the end of the second year with six (6) months advance notice.



## Advisory Memorandum

---

Citizens' needs and/or if a contract could not be finalized with the awarded contractor or with a contingent vendor (if so chosen).

Purchasing reached out to twenty-three (23) vendors to notify them of the ITN. A total of five (5) vendors responded to the ITN. These vendor replies were reviewed by the Evaluation Team, composed of members of different Citizens' business units. The down-select process was carried out by the Evaluation Team, and four (4) vendors were advanced to the negotiation phase, as announced by the Evaluation Team in a public meeting held on November 8, 2022. One of these vendors withdrew their bid shortly after the first individual meeting.

The Negotiation Team, composed of four (4) members of different Citizens' business units, held regular negotiation strategy meetings. The team also held individual meetings with the vendors to answer questions and seek clarifications, oversaw the vendors' application demo sessions, and held follow-up meetings, pricing calls, preliminary SoW calls, and initial contract terms and conditions calls with the vendors, all in anticipation of an award. The overall process sought to lay the foundation for a smooth finalization once the ITN was awarded. Internal Audit monitored all meetings held as part of this process.

A public meeting was held on May 9, 2023, where the selection criteria were thoroughly discussed by the Negotiation Team members. The ITN was awarded to Litify as Primary Vendor with DXC as Contingent Vendor in case Citizens cannot come to a mutually acceptable contractual agreement, reach a "Go" decision with the Primary Vendor after the Discovery Phase, or if they are unable to satisfactorily implement the solution. A Notice of Intent to Award was issued, and the recommendation is expected to be presented to the Citizens Board of Governors for approval at the July 2023 meeting. According to the updated project timeline and subject to further discovery, the ELMS solution is expected to be in production in or about January 2025. Internal Audit will monitor the implementation process as part of the audit plan.

We would like to thank management and staff for their cooperation and professional courtesy throughout this engagement.



## Distribution

Addressee(s) David Skinner, Senior Project Manager  
Summer Reeves, Senior Vendor Relationship Administrator

### **Business Leaders:**

Tim Cerio, President/CEO/Executive Director  
Kelly Booten, Chief Operating Officer  
Ricky Polston, Chief Legal Officer  
Jay Adams, Chief of Claims  
Mark Kagy, Inspector General  
Stephen Guth, VP Enterprise Services  
Elaina Paskalakis, VP Claims Litigation  
Steven Woods, VP and Deputy General Counsel – Claims Legal Counsel  
Spencer Kraemer, Sr. Director Vendor Management & Purchasing  
Clint Roszelle, Sr. Director Enterprise Business Agility  
Jason Atwood, Manager Vendor Relations  
Jessica Chapman, Assistant Director Vendor Relations  
Mark Hendry, Director Agile Program Management

### **Audit Committee:**

Joanne Leznoff, Citizens Audit Committee Chair  
Carlos Beruff, Citizens Audit Committee Member and Chairman of the Board  
Scott Thomas, Citizens Audit Committee Member

### **Following Audit Committee Distribution:**

The Honorable Ron DeSantis, Governor  
The Honorable Jimmy Patronis, Chief Financial Officer  
The Honorable Ashley Moody, Attorney General  
The Honorable Wilton Simpson, Commissioner of Agriculture  
The Honorable Kathleen Passidomo, President of the Senate  
The Honorable Paul Renner, Speaker of the House of Representatives

The External Auditor

*Completed by Juan Carlos Rivera, Internal Audit Manager  
Under the Direction of Joe Martins, Chief of Internal Audit*