



Deloitte Consulting LLP
1203 Governors Square Blvd.
Suite 400
Tallahassee, FL 32301
USA
Tel: (850) 521-4800
Fax: (850) 521-4830
www.deloitte.com

December 19 2013

Tom McCullion
Project Director
Department of Economic Opportunity
1940 N. Monroe, Suite 70A
Tallahassee, Florida 32303

Dear Tom:

Since the signing of Amendment 14, Deloitte Consulting LLP has been working to deliver technical resolutions to high risk/high impact issues outlined in Amendment 14. During this time, the Department also requested that our team conduct other activities in addition to resolving those remaining 102 high risk/high impact issues required for acceptance of the Implementation Phase Gate. These activities ranged from business process reviews, change requests analysis for modified functionality such as overpayment business rule changes, call center site visits and auto-adjudicating several issue types. Per the Department's request, our team reassigned and re-allocated resources to support these requested activities, while raising the mutual risks associated with taking our staff off other priorities during this critical time.

This letter serves to provide a consolidated view of the team's accomplishments, as well as a status update on the 102 issues noted in Amendment 14. It also provides the rationale that supports our conclusion that no high risk/high impact issues remain that would prevent approval of the Implementation Phase Gate.

Deloitte has met the contract's criteria for phase gate approval and successfully completed the tasks and activities outlined in our contract and all subsequent amendments for the Implementation Phase.

As you know, the Connect system has been live since October 15 and the vast majority of eligible claimants are successfully accessing the system and receiving the Reemployment Assistance benefits to which they are entitled. Deloitte continues to provide warranty support to the Department, in accordance with our contract, and is diligently working to resolve warranty items as they are identified.

The accomplishments achieved with Connect have already surpassed many, many aspects of the multitude of non-integrated legacy systems previously used, and they will continue as the system matures and users and claimants acclimate to the new system.

To date, the achievements realized with Connect include:

Connect Paying Claimants in line with the Legacy Solution

- More than 310,000 Reemployment Assistance claimants have successfully accessed the Connect website, answered the required security questions, and logged onto Connect to register as valid users, file claims for benefits and view the status of existing claims.
- More than 100,000 initial claims and nearly 250,000 continued claims have been processed through Connect.
- More than 192,000 continued claims have been authorized for payments and paid through Connect.
- Nearly \$275 million in Reemployment Assistance benefits have been paid to claimants through Connect.

- The cumulative availability of the Connect system from go-live through December 14th is 99.992% That is 32.50% above the target levels expected within the first 60 days of go-live and 10% *above* the target levels expected within 180 days of go-live (as documented in the Service Level Agreements for the CONNECT system).

Productivity has increased, Call Center volume has decreased

- Operational productivity continues to improve as users – Department staff, business partners, and claimants – continue to gain a greater understanding of Connect’s capabilities, and as outstanding technical issues are addressed. We expect this will continue beyond the project’s warranty period.
- There has been a significant week over week reduction in Call Center volume – between December 2nd and December 17th the number of inbound calls have been nearly cut in half and the number of unique callers is trending towards pre-Connect levels.
- The number of technical issues being logged into the Department’s Wizard tool at the Orlando Call Center has steadily declined from around 10% of calls to just 3% most recently.

Significant Data Conversion Effort

- Some 1.8 billion data records from multiple, non-integrated legacy systems were successfully converted into Connect; this includes approximately 2 million claimant records.

Adjudications Have Increased

The project team has been executing an operational plan for Adjudication to address people (user), process and technology issues to eventually surpass legacy performance levels. Several achievements have been accomplished that have shown substantial improvements in this area, particularly with Ft. Lauderdale office staff.

- Statewide, there has been a 63% increase in adjudications between November 15th and December 13th. While much improvement has been achieved, there remain people (user) and process considerations for the Department to understand and resolve (noted in the *Workforce Transition Challenges* section below).
- The Ft. Lauderdale adjudication staff demonstrated an 83% increase in adjudications per non-supervisor workday between November 15th and December 13th.
- If locations throughout the state averaged the same number of determinations as Ft. Lauderdale, the daily output from 167 adjudicators would be over 3,400. This level of production would exceed legacy volumes by over 10%. This is another indication that previously noted high risk/high impact issues have been resolved, or that their severity should no longer be classified by the Department as a high risk/high impact level.

Appeals are Being Quickly Resolved

The project team has been successfully executing an operational plan for Appeals to address people (user), process and technology issues to achieve and eventually surpass legacy performance levels.

- Referees and deputy clerks achieved operational productivity associated with incoming work volumes well ahead of the planned schedule for this level of production.
- As a result of operating efficiencies gained through Connect, appeals resources have been reassigned to support the Department’s adjudication function.

Amendment 14 Issue Status

All of the defects initially recorded and tied to the 102 Operational Plan issues have been validated, closed or confirmed invalid.

Of the additional 55 defects that have been logged and tied to the 28 Operational Plan issues listed below. Deloitte has resolved and DEO has validated and closed 65%. The remaining will be dealt with as warranty defects and will follow the defined warranty process to repair and confirm closure of each individual item. We have documented the rationale for why the relative impact of the remaining issues that are pending DEO validation has diminished and are no longer high risk/high impact issues. The *Recommend for Closure* section below includes details on each of the issues that remain in a Pending DEO Verification status as of end of day Thursday, December 19th, 2013.

Recommend for Closure

We believe that the items on the list below have met the standards for closure based on the scope of the Issue and Issue Closure Statement, as originally agreed upon by DEO and Deloitte. Yet as of December 19th, 2013 these items await formal closure by DEO. The information provided in the 'Validation Statement' section below clearly documents the steps taken by Deloitte to remedy the issue. It also provides the current status of the DEO validation process.

Issue ID	Business Area	Issue	Issue Closure Statement	Original Date	Validation Statement
17	Adjudication	Fact Finding Submission by Employer and/or Claimant - Actively Seeking, Quits, & Discharges	Demonstration that fact findings submissions are being successfully submitted and saved for Actively Seeking, Quit, and Discharge issue types.	12/13/13	This is no longer a high risk/high impact issue and the issue should instead be closed. All issues originally reported in the operational plan have been delivered as of 12/09. After 12/09, more than 8,500 fact findings have been successfully submitted by Claimants and/or Employers. An additional item was reported by DEO as required for closure of this issue on 12/13 and is regarding the submission of blank fact findings while a claimant and/or employer are operating in Connect on a non-supported browser. That is the only remaining issue communicated to Deloitte as preventing closure, and since it relates to a non-supported browser, we do not believe that this should prevent the closure of the issue, nor that a high impact currently exists.
18	Adjudication	Adjudication & Redetermination of Issue - Actively Seeking, Quits, & Discharges	Demonstration that adjudicators are able to submit determinations & redeterminations for Actively Seeking, Quit, and Discharge issue types.	12/11/13	This is no longer a high risk/high impact issue and the issue should instead be closed. All issues originally reported in the operational plan have been delivered as of 12/09. Additionally, beginning Dec 1, adjudicators were able to do more than 15,000 determinations in Connect.

20	Adjudication	Queue Performance - Functional	Demonstration that issues are being appropriately and efficiently pushed to adjudicators based upon queue configuration and adjudicator profiles.	12/13/13	This is no longer a high risk/high impact issue. It has been demonstrated that queue is performing efficiently. On Dec 10 th , 11 th and 12 th , Connect demonstrated that operationally the adjudicator inbox is improving adjudicator productivity. 57 adjudicators working exclusively on the inbox with its approved design were able to make more than double the number of determinations as compared to those not working through the inbox design. The feedback gathered through over 175 person-days of validation shows how productive the adjudication process is with the Connect solution. In addition, all remaining identified ALM tickets have been determined to be design gaps that require further discussion.
23	Adjudication	Adjudication & Redetermination of Issue - Availability, Filing Requirements, & Reporting Requirements issue types	Demonstration that adjudicators are able to submit determinations and redeterminations for Filing Requirements, Availability, and Reporting Requirements issue types.	12/12/13	This is no longer a high risk/high impact issue and the issue should instead be closed. All issues originally reported in the operational plan have been delivered as of 12/09
28	Adjudication	Filing of Employer Protests	Demonstration that Employers and TPAs are able to successfully submit a protest of employer charges.	12/6/13	This is no longer a high risk/high impact issue and the issue should instead be closed. All issues originally reported in the operational plan have been delivered as of 12/09. DEO contacted 4 TPAs directly and they reported no issues with this functionality.
30	Adjudication	Process REA/PREP functionality in Connect	Define process solution for distributing to adjudicators regarding the processing of REA/PREP issues.	12/17/13	This is no longer a high risk/high impact issue. The closure statement relates to defining the process solution and Deloitte assisted DEO by creating a REA/PREP issue training document utilizing data from Connect's test environment. In addition, there is an outstanding REA/PREP Interface defect which was deemed as low impact and it was agreed between Deloitte and DEO that it will get fixed after 12/20.

33	Adjudication	Staff Processing of Employer Protests	Demonstration that DEO users can efficiently process employer protests, process correspondences, and display of charging.	12/14/13	<p>This is no longer a high risk/high impact issue. All original defects logged were resolved on 12/9 and staff has been able to process Employer Protests successfully. Since 12/9, DEO has processed more than 50 Employer Protests successfully; however, 5 new defects which impact one-off scenarios were identified by DEO on 12/14. After further triage of these defects, they fall into the following categories:</p> <p>1 defect is not reproducible</p> <p>2 defects align to issue #28</p> <p>1 defect is instead a Change Request</p> <p>1 defect identified had a solution implemented for it and can be verified as functioning by the Department on Thursday, Dec 19th</p>
34	Adjudication	UCB-412 Optimization	Demonstration that UCB-412 is providing necessary information to Employers & TPAs for processing. Demonstration that auto-adjudication functionality for UCB-412 related issues are operational.	12/16/13	<p>This is no longer a high risk/high impact issue. All issues originally reported in the operational plan have been delivered. It has demonstrated through the Connect system that the UCB-412 and auto-adjudication process is functioning per DEO's design.</p>
35	Appeals	Enable the printing of Notices of Hearing at Pitney Bowes (upgrade template version)	All Notices of Hearing and the attached documents are printed through Pitney Bowes.	12/18/13	<p>This is no longer a high risk/high impact issue. All issues originally reported in the operational plan have been delivered. Pittney Bowes is able to print and fold the letter in the envelope appropriately; however, there is one minor defect with return address for this notice which will be fixed by 12/20.</p>
43	Appeals	Enable capability to process existing appeals on legacy overpayment determinations	Staff are able to docket, schedule, and process appeal decisions on legacy overpayment determinations, including fraud.	12/18/13	<p>All of the application defects originally associated with this issue have been resolved. However, DEO is struggling to find cases in Production for processing due to low volume. Given the closure of the defects and the fact that there are a low volume of cases that are available to be impacted (if there were an issue); we consider the high risk/high impact status of this issue to be closed.</p>

46	Appeals	Implement manual process to supplement the Weekly Select Rationale functionality	Deloitte authored a training document which was distributed to DEO staff with instruction on how to process decisions on non-contiguous periods of ineligibility. DEO verified the process outlined in the training document supports the accurate implementation of the decision in Connect.	12/18/13	This is no longer a high risk/high impact issue. Deloitte authored and delivered a training document on Dec 2 nd ; however, DEO has been struggling to find the right test case to validate the document due to extremely low volume of cases that meet these criteria. As a result, we have recommended in numerous issue status meeting that this issue to be closed. We have not received clear direction from DEO on a specific action we need to take to close this issue.
47	Appeals	Implement functionality for entering certain Remuneration and Earnings decisions	Consistent with the manner in which Adjudication processes determinations, Appeals staff are able to process appeal decisions on remunerations and earnings issues.	12/18/13	All of the application defects originally associated with this issue have been resolved. Testing is proceeding well and we expect this issue to be closed by December 20 th .
48	Appeals	Ensure the companion appeals are mapped properly to pending cases	All unlinked companion cases identified on or before 12/2, are properly linked to the corresponding pending appeals case.	12/19/13	This is not a high risk/high impact issue as it affects only 255 Claimants. In addition, there is no application or conversion defect pending for this issue. DEO is currently unable to collect the required data from the Legacy systems as this data does not exist in the system and they have to go through paper files. Since it only impacts 255 Claimants, linking can be done manually when these cases are ready for Appeal hearing.
50	BPC	Ensure that Connect can generate Employer fact finding for New Hire process. (Includes resolution of DOR New Hire Cross Match Interface)	Employer fact finding for national and state New Hire process is generating correctly.	12/17/13	This is no longer a high risk/high impact issue. All of the application defects originally associated with this issue have been resolved. In addition, DEO has done multiple iterations of testing and all the issues identified from subsequent iterations have been resolved. DEO did uncover a design gap regarding the list of employers received from DOR which cannot be identified in Connect. We have stated that this is a change request separate from this issue and as a result we recommend that this issue be closed.

53	BPC	Resolve issues preventing TOP from being operational (batch processing)	Blurred Collections files are successfully processed and offsets and reversals are applied correctly to adjust the overpayment balances. The Update File is successfully created and correct overpayment balance adjustments are sent to FMS.	12/9/13	Blurred Collections files have been successfully processed in Connect test regions since 12/9. As far as the Update File, this functionality has gone through multiple iterations of testing with DEO and we are down to a few remaining issues involving legacy converted data. If DEO is not comfortable running this process in production by 12/20, then it will be planned for the next weekend (12/27).
55	BPC	Resolve issues preventing TOP from being operational (remaining issues)	DEO has validated that TOP certified debts have correct debt balances that accurately reflect any increases or decreases since Go Live.	12/19/13	The reconciliation effort analysis performed in response to this issue produced 640 out of approximately 60,000 differences. Based on our analysis, data cleansing is required for the 640 records in question before these records can be run and the remainder of the 60,000+ records can be processed.
56	BPC	TOP - Generation and mailing of pre-certification letters (due to large number of letters to be generated, this first file may take several days to process).	Accurate TOP precertification letters have been generated and distributed.	12/16/13	This is related to issue #53 and 54, and Deloitte has addressed all issues on the 22,000 pre-certification letters except for one which deals with bankruptcies. We expect to get this resolved by 12/20. Additionally, the initial volume of 22,000 notices is very high because this process was on hold in the legacy system for one year. In addition, a new file from Legacy (fraud penalty) was identified by the Department and communicated to Deloitte on December 19 th which is not part of data conversion design document for TOP. This issue will need to be addressed before the letters can be sent out.
72	Claims	Claimants/staff unable to complete Application for benefits	By 12/14/2013, staff and/or claimants can successfully complete applications for benefits for all identified claimants, with the exception of one off scenarios that require an individual fix.	12/12/13	This is no longer a high risk/high impact issue. In support of closure statement all the defects originally associated with this issue – as well as ones identified as late as December 14 th – and tied to the claims operation plan have been delivered and tested successfully. For the last three weeks, Claimants have submitted an average of 2,000 Initial Claims per day successfully; however, there is one-off scenario where a Claimant reports a technical error. These are low in volume, and oftentimes when the claimant gets operational assistance submitting the claim, the error does not appear, indicating a relatively low impact user error.

77	Interfaces	Priority 2 ICON interface issues resolved	All priority 2 ICON interfaces are functioning properly.	12/13/13	All Priority 2 ICON interface issue has been resolved with the exception of IB4 which is low impact since the interface is generating unnecessary wage request for other states when it should not. A resolution to the defect associated with IB4 has been applied and we expect this to be validated and closed by DEO by 12/20.
82	Interfaces	Priority 3 ICON interface issues resolved	DEO is accurately exchanging wage, claim, and charging data with other states and federal entities, and correctly processing data received from other states	12/16/13	All Priority 3 ICON interface issues originally associated with this issue have been resolved with the exception of the IB6 interface which has documented design gaps which will require a change request to resolve. In addition, the IB6 interface is run quarterly and next time it is scheduled to run in Production is before end of March, 2014. As such, we do not believe that this is currently a high risk/high impact issue.
83	PI	Properly generate BAM/BTQ samples.	BAM/BTQ samples are accurately generated in accordance with design.	12/7/13	This is no longer a high risk/high impact issue. All the defects originally associated with this issue and tied to the Support Systems operational plan have been delivered and tested successfully.
84	PI	Incomplete case file - need a complete case file with each sample generation.	Each sample generated in Connect has a complete case file per design.	12/13/13	This is no longer a high risk/high impact issue. All the defects originally associated with this issue have been resolved. In addition, DEO has done multiple iterations of testing and all the issues identified from subsequent iterations have been resolved. Currently under DEO validation.
87	RAAC	Enable processing of all RAAC orders in Connect per design (Part 1)	Staff can enter into Connect RAAC appeals and orders of the following types: Affirm, Dismiss, Withdraw, Reverse, and Affirm In Part/Reverse In Part.	12/14/13	This is no longer a high risk/high impact issue. All the defects originally associated with this issue have been resolved. DEO is going through final verification on Remand in Part which is not part of closure statement and as a result we recommend that this issue be closed.
88	RAAC	Enable processing of all RAAC orders in Connect per design (Part 2 - Vacate and Remand)	Staff can enter into Connect RAAC appeals and orders of the following types: Vacate and Remand, Quash, and Rescind and Recall.	12/17/13	This is no longer a high risk/high impact issue. All the defects originally associated with this issue and tied to the RAAC operational plan have been delivered and tested successfully.

89	Reports	Ensure automated generation of accurate ETA 5159 Reports.	This report accurately reflects the data within Connect and the associated tables. If data is affected by conversion or transactional issues those issues will not hold the acceptance of the associated report. The logic is correct for the report and it is generating appropriately.	12/14/13	This is no longer a high risk/high impact issue. All the defects originally associated with this issue have been resolved. DEO has validated this report for the month of October and November and hence we recommend this issue for closure.
97	Reports	By 11/27, UC Benefits Payment Register, Program Adjustment Summary Report, and Process Cancelled and Replacement Payment report are available and accurate in Connect so that staff can generate accurate 2112, 8401, 8405 reports.	This report accurately reflects the data within Connect and the associated tables. If data is affected by conversion or transactional issues those issues will not hold the acceptance of the associated report. The logic is correct for the report and it is generating appropriately.	12/11/13	This is no longer a high risk/high impact issue. All the defects originally associated with this issue have been resolved; however, DEO identified one defect which is expected to be addressed by 12/20.
104	Special Claims	Address Issues preventing STC claimants from being paid at pre-go live levels.	All eligible STC claimants have been paid, with the exception of one-off scenarios that require special fixes. In the event that Connect's determination of eligibility conflicted with the business unit's determination, Deloitte was able to force the manual payment option for the claimant.	12/13/13	This is no longer a high impact issue. All the defects originally associated with this issue have been resolved. Connect system has paid 14 claimants with no errors. However, DEO did identify 4 defects on 12/19. 1 defect is invalid and 3 are related to one off scenarios. Because the new issues are related to one off scenario, we recommend closure of this issue.
116	Wage Det	Prevent Connect from returning wages to out-of-state employers in error.	Connect is no longer returning wages to out-of-state employers in error.	12/13/13	This is no longer a high impact issue. All the defects originally associated with this issue have been resolved. In addition, DEO has done multiple iterations of testing and all the issues identified from subsequent iterations have been resolved and hence we recommend this issue for closure.

Workforce Transition Challenges

In conjunction with the work we have been doing to support DEO with visits to the Orlando call center and our review of feedback from supervisors and staff, we have also identified a number of items that continue to require the attention of the Department. These are not technical system issues, but rather, operational, user education or workforce transition issues.

While some of these are not unusual at this point in the transition to a new system, there are several that the Department should address as part of its ongoing transition to Connect.

One area of particular concern is the workforce transition around the Adjudication function. Currently, the number of adjudication issues is increasing at a pace greater than the State is able to work. In a typical week, the volume of issues generated by Connect is similar in scale to what was generated in the legacy system, however there are new business rules and tighter controls around the generation of issue types that are requiring staff to spend more time getting up to speed on how and when to process issues. We bring this trend to your attention and recommend that you increase your user education efforts. Although the system is performing per design, if this issue is not addressed, the lag time will worsen and cause further delay in payments to claimants.

Below are several additional examples of workforce transition issues we have encountered, and which have been previously conveyed by both DEO and Deloitte staff to Connect project leadership:

- Adjudicators completing fact finding outside of Connect and then manually imaging these custom documents
 - This causes issues originally assigned to adjudicators to be re-assigned within 24 hours, impacting adjudicator productivity
 - If these fact findings are returned to Central Intake, the documents lack a Connect generated bar code and therefore require manual scanning and indexing by Central Intake staff
- Staff were unaware that they should be working 'Return to Work' issues from their adjudication queues
 - Adjudication staff informed the joint DEO and Deloitte team that they were not working these issues as they did not previously do so in the legacy system – they were unaware of DEO's adjudication design and the impact that it had in this area
 - These issues are holding claimant payments (most of these are first, second and third request claimants which means their payment was being held for four, six, eight or more weeks); at the time of our review, approximately 5,800 claimants were found with only 'Return to Work' issues holding the claimant payments
- Varied degrees of productivity for adjudication staff
 - The Ft. Lauderdale adjudication unit has achieved substantially better productivity than the rest of the State
 - If this level of productivity was achieved statewide, the current level of adjudication performance would be better than 10% above pre-Connect levels of productivity
 - Historical top performers from Ft. Lauderdale have surpassed their previous rates in Connect at peak; while several historical top performing adjudicators from Tallahassee are not currently adjudicating at all, although we do not know why
- Call center staff unaware that their ability to void issues is no longer available
 - Orlando call center staff have raised concerns that pre-Connect they had been able to void claimant issues while on the phone with claimants. Now that we have implemented DEO's design within Connect, this responsibility sits with adjudicators.
 - Staff concerns have been expressed as a system defect holding up DEO's ability to process claims and get payments to claimants. In fact, the system is functioning as designed. This misunderstanding of the design and new controls has resulted in unnecessary frustration and miscommunication with claimants.

In summary, a number of the challenges we witnessed indicated that staff have been adequately trained and know how to navigate the Connect system. The challenge however is that there is a lack of big picture knowledge about how the function they are asked to perform fits into the overall business process. Some staff also lack an understanding of the process and policy changes made as part of the Connect design. So too do some claimants who understandably do not like the results provided by a more efficient Reemployment Assistance system, or the new program integrity measures to reduce the potential for fraud and abuse.

As stated above, we strongly believe the technical issues associated with Amendment 14 have been addressed. However, until plans are put in place to fully address the workforce transition challenges we witnessed first-hand over the past several weeks, the Department will not be able to fully achieve the efficiencies afforded by the Connect system.

The summary status we have provided here comes from daily issue closure meetings and verifies that the high risk/high impact issues originally noted have either been resolved or the risk/impact substantially reduced. We will continue to work to fix defects in accordance with our contract and the warranty period for Connect. Warranty items outstanding at this time should in no way prevent the approval of the Implementation Phase Gate.

If you have any questions or comments, please let me know.

Yours very truly,

By: _____

John Hugill
Deloitte Consulting LLP

cc: Jessica Blume
Chad Poppell