RON DESANTIS
GOVERNOR

STATE OF FLORIDA
Office of the Governor
THE CAPITOL
TALLAHASSEE, FLORIDA 32399-0001
www.flgov.com
850-717-9418

November 22, 2019

The Honorable Ron DeSantis
Governor, State of Florida
The Capitol, Suite PL-05
Tallahassee, FL 32399-0001

RE: Chief Inspector General Report #A-18/19-003

Dear Governor DeSantis:

On August 14, 2018, former Florida Department of Transportation Secretary Michael Dew requested the Office of the Chief Inspector General, Executive Office of the Governor, to review the root cause of the Florida's Turnpike Enterprise Centralized Customer Service System Go-Live failures occurring on June 11, 2018. This review included an examination of the events surrounding the Centralized Customer Service System failures at Go-Live.

Enclosed is Chief Inspector General Report #A-18/19-003 detailing the findings and recommendations from our *Review of SunPass Centralized Customer Service System*. In accordance with the provisions in section 20.055, Florida Statutes, a copy of the draft report was provided to the entities contracting with the state or the individuals substantially affected for an opportunity to submit written responses. Responses to our findings and recommendations are included in the report.

I am available to discuss this report with you at your convenience.

Sincerely,

Melinda M. Miguel
Chief Inspector General
Office of the Chief Inspector General

Enclosure

EXECUTIVE OFFICE OF THE GOVERNOR

OFFICE OF THE CHIEF INSPECTOR GENERAL

Review of SunPass Centralized Customer Service System
CIG Number: #A-18/19-003

November 22, 2019

Secretaries and Other Key Officials

The Florida Department of Transportation (FDOT) Secretaries, Florida's Turnpike Enterprise (FTE) Executive Directors, and other key officials who served during the period of this review are listed below.

FDOT Department Secretary

Ananth Prasad, 2011 – 2015

Jim Boxold, 2015 – 2017

Mike Dew, 2017 – 2018

Kevin Thibault, 2019 – Present

FTE Executive Director

Diane Gutierrez-Scaccetti, 2013 - 2017

Paul Wai, 2018 – 2019

Nicola Liquori, 2019 – Present

FTE Director of Toll Operations

Floyd "Buzz" Holland, 2013 - 2019

Mark Beall, 2019 - Present

FTE Chief Financial Officer

Bren Dietrich

FTE Consultants

The following contracted key staff served from the period of 2012 through 2018 on behalf of Florida's Turnpike Enterprise.

Atkins Consultants

Jack Henneman, 2012 – 2018 John McCarey, 2013 – 2018 Walter Kristlibas, 2015 – 2019

HNTB Corporation Toll Programs Manager

Tim Garrett, PMP, 2012 - Present

Conduent State and Local Solutions, Inc. (formerly Xerox State and Local Solutions, Inc.)

Karen Caruso, Vice President Operations

Mark Cantelli, Senior Vice President and Chief Technology Officer

Finance Directors, Conduent

Ruth Houser, CPA (initial) Farshid Modarres (1st)

Tom Cromer, CPA (2nd) Manny Martin, CPA (3rd) Savvas Konstantinidis (4th- interim)

ACRONYMS LIST

ACH - Automated Clearing House

ACS - Affiliated Computer Services, Inc.

AST - Agency for State Technology

BOS - Back Office System

CCSS - Centralized Customer Service System

CFX - Central Florida Expressway Authority

CUTR - Center for Urban Transportation Research

CPA - Certified Public Accountant

DHSMV - Department of Highway Safety and Motor Vehicles

DOAH - Florida Division of Administrative Hearings

FDOT - Florida Department of Transportation

F.S. - Florida Statutes

FTC - Florida Transportation Commission

FTE - Florida's Turnpike Enterprise

HNTB - HNTB Corporation

IT - Information Technology

ITN - Invitation to Negotiate

IVR - Interactive Voice Response

IV&V - Independent Verification and Validation

KPI - Key Performance Indicator

MDX - Miami-Dade Expressway Authority

MTP - Master Test Plan

OCIG - Office of the Chief Inspector General

OOCEA - Orlando-Orange County Expressway Authority

OSIT - Onsite Integration Testing

PCI - Payment Card Industry

PCI DSS - Payment Card Industry Data Security Standards

PMP - Project Management Professional

RTM - Requirement Traceability Matrix

SLA - Service Level Agreement

SOC - System and Organization Controls

SSAE - Statement on Standards for Attestation Engagements

TBP - Toll by Plate

THEA - Tampa-Hillsborough Expressway Authority

TRT - Technical Review Team

UTC - United Toll Systems

EXECUTIVE SUMMARY

On August 14, 2018, former Florida Department of Transportation (FDOT) Secretary Michael Dew requested the Office of the Chief Inspector General (OCIG), Executive Office of the Governor (EOG), to review the root cause of the Florida's Turnpike Enterprise (FTE) Centralized Customer Service System (CCSS) Go-Live failures occurring on June 11, 2018. The CCSS was conceived as an entirely new system to replace the FTE's aging Back Office System (BOS), commonly known as SunPass,[1] for the purpose of centralizing and outsourcing key business processes and operations for nearly all electronic toll transactions for FTE, Miami-Dade Expressway Authority (MDX), and Tampa-Hillsborough Expressway Authority (THEA). The CCSS, and its associated operations, services more than 2.5 million customers per day and processes 3.9 million[2] transactions per day.

FDOT entered into a seven-year contract with Conduent State and Local Solutions, Inc.[3] (Conduent) on November 16, 2015, to design, develop, implement, operate, and maintain a CCSS. Contract BE087 required Conduent to design the CCSS as a fully functional platform capable of performing all inbound and outbound "customer facing"[4] communications, including but not limited to communications conducted pursuant to the SunPass website, SunPass mobile website, SunPass mobile application, and telephonic Interactive Voice Response (IVR) system. The original CCSS contract value totaled $287,211,607, of which $43,085,900 was allocated for the CCSS buildout.[5]

The CCSS went live on June 11, 2018 (the Go-Live date); [6] however, the system failed to function as expected. The failures affected the SunPass website, SunPass mobile website, SunPass mobile application, IVR functions, and SunPass Plus Airport Parking operations. Similarly, it affected those systems related to the reporting, billing, and financial reconciliation of customer invoices and accounts.

This review included an examination of the events surrounding the CCSS system failures at Go-Live.

What We did
We reviewed Contract BE087, the contract for CCSS, between FDOT and Conduent. We conducted interviews with key personnel and reviewed corroborating documentation and communications to determine the reasons the FTE's CCSS failed at Go-Live on June 11, 2018. We also examined other significant events related to this contract.

What We found
Based on interviews with Conduent, FTE, and FDOT consultants, the core failures at Go-Live included the following:

1. SunPass website and mobile application were not functioning as required at Go-Live.

[1] SunPass is a prepaid tolling program of Florida's Turnpike Enterprises (FTE), a separate business unit of the Florida Department of Transportation (FDOT), that was developed internally in 1999 and implemented in May 2001 to process electronic toll transactions for Florida's turnpike and interoperable agencies.
[2] Based on 2017 transaction volumes contained in financial statements for FTE, MDX, and THEA.
[3] Company was named "Xerox State and Local Solutions, Inc." at contract execution, and was updated to Conduent State and Local Solutions, Inc. on March 30, 2017, in Contract BE087, Amendment 8.
[4] Conduent uses the term "customer facing" to describe those CCSS functions that involve direct interaction with customers.
[5] $43,085,900 for CCSS buildout and $244,125,707 for operations, for Fiscal Year (FY) 2017 through FY 2022.
[6] CCSS Go-Live was initially scheduled for February 27, 2017, but was extended to June 30, 2018.

2. SunPass IVR was not functioning as required at Go-Live. Conduent was expecting an average of 175,000 calls to the IVR on the day of Go-Live, but 232,550 calls, a 33 percent difference, were actually made to the IVR.

3. Unintentional account replenishments resulted in duplicate charges. A total of 571 SunPass customers experienced duplicate charges, resulting in 1,260 refunds to customer accounts resulting from customers repeatedly pressing "enter" to process payments, and because a required feature to prevent this within the CCSS system was not functioning at Go-Live.

4. Untimely customer billings resulted in account overdrafts. A total of 2,247 SunPass customers experienced overdrafts to their banking account, resulting in $189,885 in refunds being made to customers.

5. SunPass Plus Airport Parking was not functioning. An unknown number of SunPass customers experienced issues when entering and exiting airport parking facilities that interface with SunPass Plus Airport Parking. This occurred due to shared system resources and latency within the CCSS.

6. Bandwidth and server capacities did not meet consumer demand.

Additional Observations

1. The Agency for State Technology (AST) determined the CCSS project to be a business process outsourcing project that includes an information technology (IT) component and not a primary agency IT project, thereby exempting it from AST's oversight.

2. FTE relied on the use of consultants for the project development, management, oversight, and implementation of the CCSS. The contract contained a broad and generic scope of services and there was no specific documentation detailing responsibilities and deliverables for the CCSS project management.

3. There were several instances of key personnel turnover relating to the CCSS project, noted as follows:
   - FTE: turnover in the Executive Director position prior to Go-Live.
   - Atkins: turnover of CCSS Project Director serving in project management role.
   - Conduent: currently in the process of hiring its fifth CCSS Finance Director.
   .
4. Conduent did not meet its contractual obligation to timely deliver the required audits for the timeframes specified in the contract in the following ways:
   - Has not yet obtained independent review by its Certified Public Accountant (CPA), Ernst & Young, of internal controls which may have an impact on end user financial statements (known as a System and Organization Control (SOC) 1, Type II audit);
   - Has shifted the applicable time frame for the SOC 1, Type II report forward from the contractually required dates; and
   - Has reduced the contractually required six-month SOC 1, Type II reporting period to a period of only three months.

5. Approximately $184 million in tolls were owed by SunPass and Toll-By-Plate customers for transactions for the period of June 11, 2018, through May 31, 2019.

What We Recommend

Based on the results of this review and the observations made, we recommend the Secretary of FDOT consider the following for future projects of this nature, size, or scope:

1. Appoint one centralized project director who is employed by and accountable to a senior level manager within FDOT to provide robust project oversight. If contracting with a consulting firm for project oversight, require the consulting firm to ensure:
   - The department retains final written approval of system-related functions;
   - The department has access to all project related data and communications; and,
   - A specific project charter (or similar document) with deliverables is approved that outlines roles, responsibilities, and accountability for tasks.

2. Consider segregating future contracts into multiple unique contracts pertaining to specific needs and requirements. For example, have unique contracts for: system buildout, system operations/maintenance, and back office operations.

3. Ensure new contracts require:
   - Final approvals for all project phases be approved by a department representative, formalized in writing, and included in the contract management file;
   - Documentation as to the justification of extensions of deadlines and timeframes;
   - FDOT have immediate, independent, and unrestricted access to all infrastructure monitoring systems, and not solely rely on the contracted vendor to provide insight to what is occurring within the system;
   - Adherence to public records requirements and ensure this requirement is contractually applied to all sub-contractors in the contracts;
   - A written recovery plan is in place should the system not function as intended at Go-Live, and that this recovery plan is tested in advance of Go-Live;
   - Consideration to conducting a “soft roll out” and/or running the “legacy” system in parallel with the new system; and,
   - Detailed Scopes of Service when outsourcing project management functions, including specific documentation detailing responsibilities and deliverables for project management of this size and scope.

4. Ensure the finance team is included at critical decision-making junctures, including testing of financial controls prior to signoff.

5. Obtain Independent Verification and Validation (IV&V) services to provide subject matter expertise including specific project guidance and independent reviews of the entire system, testing plans, and testing results. The department, jointly with the IV&V vendor, should create and finalize all testing plan requirements and approvals.

6. Include more specificity in the Contract and Master Test Plan to address areas including, but not limited to, a thorough description of definitions, testing procedures, resolution of discrepancies, and testing durations.

7. Ensure future pre-Go-Live communication strategies more strongly relay the potential impact that a new system may have on the users of the system.

8. Verify future settlements comply with applicable law in that any intellectual property received as a result of settlements is identified, valued, and properly recorded.

We also recommend the Secretary of FDOT consider the following:

9. Review and evaluate the SOC 1, Type II report and Payment Card Industry (PCI) Attestation of Compliance to determine if these, once provided, comply with the intent of the contract. We also recommend FDOT act according to the terms and conditions of Contract BE087, if the provided audits do not meet the requirements and intent of Contract BE087. We also

recommend that failure to conduct audits within established terms have a specific penalty within the contract.

10. Continue collection procedures to verify and recoup unpaid tolls. We also recommend FDOT review and evaluate the potential revenue loss to FDOT and act according to the chargeable failures terms and conditions of Contact BE087.

TABLE OF CONTENTS

INTRODUCTION

On August 14, 2018, former Florida Department of Transportation (FDOT) Secretary Michael Dew requested the Office of the Chief Inspector General (OCIG), Executive Office of the Governor (EOG), to review the root cause of the Florida's Turnpike Enterprise (FTE) Centralized Customer Service System (CCSS) Go-Live failures occurring on June 11, 2018. The CCSS was conceived as an entirely new system to replace the FTE's aging Back Office System (BOS), commonly known as SunPass,[7] for the purpose of centralizing and outsourcing key business processes and operations for nearly all electronic toll transactions for FTE, Miami-Dade Expressway Authority (MDX), and Tampa-Hillsborough Expressway Authority (THEA). The CCSS, and its associated operations, service more than 2.5 million customers per day and processes 3.9 million[8] transactions per day.

FDOT entered into a seven-year contract with Conduent State and Local Solutions, Inc.[9] (Conduent) on November 16, 2015, to design, develop, implement, operate, and maintain a CCSS. Contract BE087 required Conduent to design CCSS as a fully functional platform capable of performing all inbound and outbound "customer facing"[10] communications; including, but not limited to, communications conducted pursuant to the SunPass website, SunPass mobile website, SunPass mobile application, and telephonic Interactive Voice Response (IVR) system. The original contract value totaled $287,211,607, of which $43,085,900 was allocated for the CCSS buildout.[11]

The CCSS went live on June 11, 2018, (i.e., the Go-Live date);[12] however, the system failed to function as expected. The failures affected the SunPass website, SunPass mobile application, IVR functions, and SunPass Plus Airport Parking operations. Similarly, it affected those systems related to the reporting, billing, and financial reconciliation of customer invoices and accounts.

This review included an examination of the events surrounding the system failures at Go-Live.

KEY STATE AND CONTRACTED ENTITIES

Florida Department of Transportation
FDOT is an executive agency that reports directly to the Governor. FDOT's primary responsibility is to coordinate the planning and development of a safe, viable, and balanced statewide transportation system.

Florida's Turnpike Enterprise
FTE is a separate business unit of FDOT; and on behalf of the agency, is charged with managing the Turnpike System and statewide toll operations. Today, the Turnpike System consists of 498 centerline miles and is traversed on average by 2.5 million motorists per day.

---

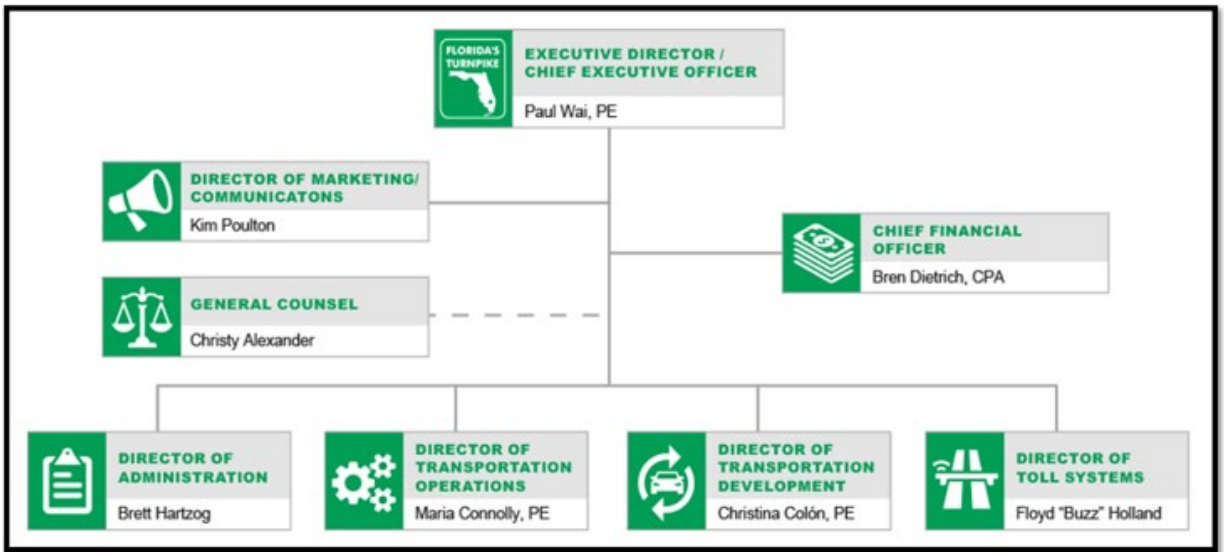
[7] SunPass is a prepaid tolling program of Florida's Turnpike Enterprises (FTE), a separate business unit of the Florida Department of Transportation (FDOT), that was developed internally in 1999 and implemented in May 2001 to process electronic toll transactions for Florida's turnpike and interoperable agencies.
[8] Based on 2017 Transaction volumes for FTE, MDX, and THEA.
[9] The company was named "Xerox State and Local Solutions, Inc." at contract execution, and was updated to Conduent State and Local Solutions, Inc. on March 30, 2017, in Contract BE087, Amendment 8.
[10] Conduent uses the term "customer facing" to describe those CCSS functions that involve direct interaction with customers.
[11] $43,085,900 for CCSS buildout and $244,125,707 for operations, for Fiscal Year (FY) 2017 through FY 2022.
[12] CCSS Go-Live was initially scheduled for February 27, 2017, but was extended to June 30, 2018.

FTE is responsible for toll operations on FDOT-owned and operated toll roads and bridges. FTE's mission is to pursue innovation and best private-sector business practices, improve cost-effectiveness and timeliness in project delivery, increase revenues, and improve quality of service for customers.

Per section 338.2215, Florida Statutes (F.S.), FTE is granted additional powers and authority to allow the autonomy and flexibility to enable it to more easily pursue innovations and best practices found in private sector management, finance, organization, and operations. Also, according to section 338.216(1)(d), F.S., FTE may pursue and implement new technologies and processes in its operations and collection of tolls, as well as the collection of other amounts associated with road and infrastructure usage.

According to section 20.23(4)(e)(2), F.S., FTE is exempt from FDOT policies, procedures, and standards, except as provided in section 287.055, F.S., in order to facilitate the most efficient and effective management of the turnpike enterprise, including the use of best business practices employed by the private sector.

Image 1: Florida's Turnpike Enterprise Organizational Chart at Go-Live



Source: Florida's Turnpike Enterprise

Florida Transportation Commission

The Florida Transportation Commission (FTC) was created in 1987, under section 20.23, F.S., to serve as a citizen's oversight board for FDOT. This oversight has since been expanded to include Florida's expressway authorities and regional transportation authorities. The FTC is a nine-member commission that evaluates, reviews, and makes recommendations on matters pertaining to Florida transportation policies, initiatives, or revisions. The mission of the FTC is to provide leadership in meeting Florida's transportation needs through policy guidance on issues of statewide importance and by maintaining oversight and public accountability for FDOT and other statutorily specified transportation authorities.

Miami-Dade Expressway Authority

MDX is an independent agency created by the Florida Legislature in 1994. MDX owns and operates a network of five toll road expressway segments in the metropolitan Miami area: SR 112 (Airport Expressway), SR 836 (Dolphin Expressway), SR 874 (Don Shula Expressway), SR 878 (Snapper Creek Expressway), and SR 924 (Gratigny Parkway).

Tampa Hillsborough Expressway Authority
THEA is an independent agency created by the Florida Legislature in 1963. THEA maintains and operates the Lee Roy Selmon Expressway, which is a 15-mile, four-lane, limited-access toll road that crosses the city of Tampa from Gandy Boulevard and MacDill Air Force Base in the south, through downtown Tampa and east to Brandon.

Along with FTE, MDX and THEA are both participating agencies in the CCSS project. As participating agencies, MDX and THEA cooperatively developed the requirements of the CCSS and took part in the selection of the vendor. The agencies also contributed to the capital and operational costs of CCSS and provided the project manager with the necessary information for the continued interface between the participating agencies' toll systems and the CCSS.

Conduent State and Local Solutions, Inc.
Conduent State and Local Solutions, Inc. (Conduent) became an independent public company in January 2017, when it officially separated from Xerox. Conduent is a technology-led business process services company, with headquarters in New Jersey. Conduent has over 93,000 employees and operates in more than 40 countries.

Conduent handles various services, including human resources services, mobile parking applications, and toll collection for multiple states including California, Florida, New York, Texas, Michigan, Maryland, New Hampshire, and Rhode Island.

Conduent is currently involved in nearly half of the U.S. electronic-tolling market with approximately $5.4 billion in annual revenues.[13]

Atkins North America, Inc.
Atkins North America, Inc. (Atkins) is an engineering and project management consulting firm that provides a variety of services to both the public and private sectors, including toll services, traffic engineering, transportation planning, and transportation design.

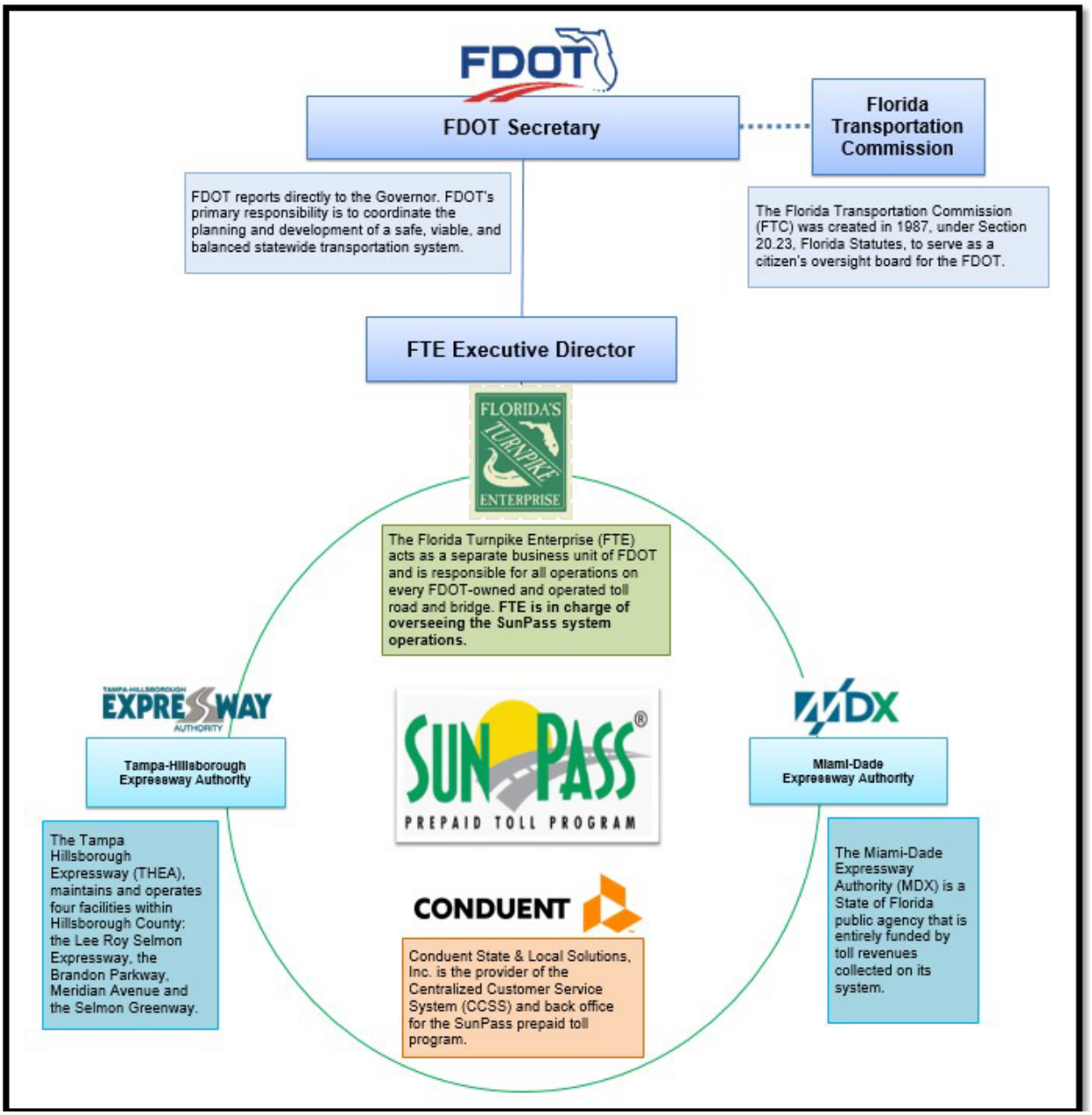
FTE executed a Standard Professional Services Agreement, Contract C-9A92,[14] with Atkins on April 24, 2013. This agreement authorized Atkins to perform numerous engineering and consulting services related to Turnpike toll operations, including, but not limited to, planning, scheduling, coordinating, directing, and controlling project activities, performing all architectural functions, and managing project consultants.

HNTB Corporation
HNTB Corporation (HNTB) is an infrastructure design firm that serves both the public and private sectors, providing a variety of infrastructure-related services, including planning, design, program, and construction management.

FTE executed a Standard Professional Services Agreement, Contract C-9A68,[14] with HNTB on April 8, 2013. An HNTB consultant team provided services to assist in the development of the CCSS Invitation to Negotiate (ITN). After the ITN was advertised, HNTB was no longer involved in the management of the CCSS project. After the failures at Go-Live, FTE's Executive Director recommissioned the primary HNTB consultant, Tim Garrett, to the Project Director role for CCSS in late September 2018.

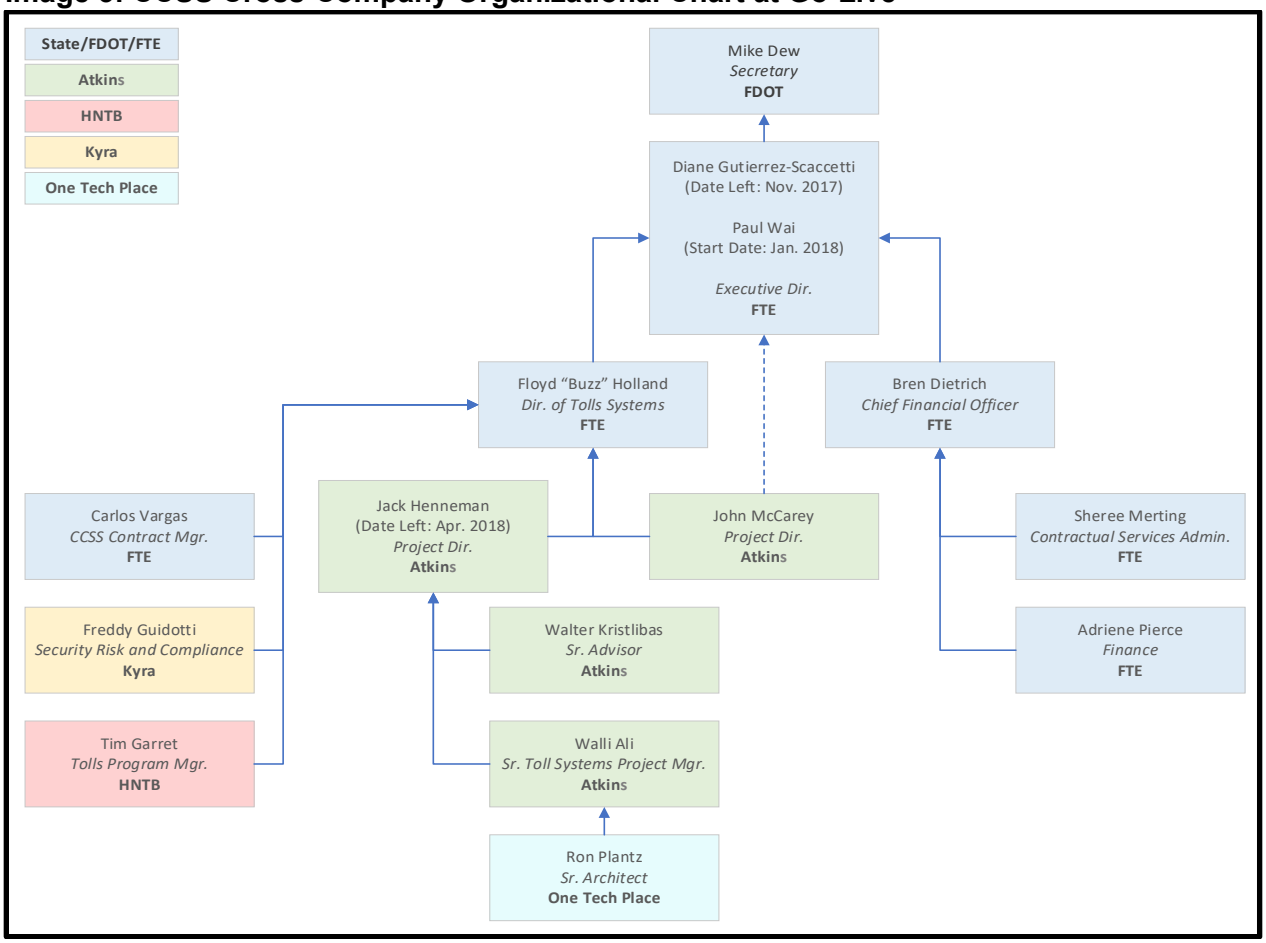
[13] Per Conduent's FY 2018 Annual Report.
[14] This contract was procured under the Consultant's Competitive Negotiation Act in section 287.055, F.S.

Image 2: CCSS Tolling Authority Relationships



Source: Compiled by the Office of the Chief Inspector General

Image 3: CCSS Cross-Company Organizational Chart at Go-Live



Source: Compiled by the Office of the Chief Inspector General

CCSS HISTORY AND PROCUREMENT

SunPass

SunPass is a prepaid statewide electronic toll collection program FTE developed internally in 1999 and implemented in 2001 to process electronic toll transactions for Florida's turnpike and interoperable agencies. SunPass works by interacting with a device called a transponder which attaches to the inside of a vehicle's windshield. The transponder uses radio frequency technology to identify the vehicle in the lane and associates the transaction to an account in the system.

When a person who does not have a SunPass transponder drives through a SunPass toll lane, the system captures an image of the vehicle's license plate and the customer is billed through the mail at a higher toll rate than a customer who has a SunPass transponder.

When a customer drives through a SunPass toll plaza or gantry with a transponder, the toll is deducted from the customer's established prepaid SunPass account. SunPass became interoperable in North Carolina (FastPass) and Georgia (PeachPass) in 2013 and 2014, respectively, allowing SunPass customers to use their SunPass accounts on these states' toll roads.

Since the inception of SunPass, FTE has collected electronic toll revenues for MDX and THEA and deposited the toll revenues into accounts earmarked for the respective agencies.

CCSS Cost Savings Study

In 2012, the Florida Transportation Commission requested a cost savings study be conducted to explore the cost-effectiveness and efficiency of a consolidated back office tolling operation. The primary purpose of this study was to provide a value-added service to customers by having one centralized point of contact for toll-related matters, consolidate tolling agency operations, and to reduce the overall cost of a tolling back office. The study encompassed multiple Expressway Authorities, including Mid-Bay Bridge Authority, FTE, THEA, Orlando-Orange County Expressway Authority (OOCEA), Osceola County Expressway Authority, and MDX. In 2014, OOCEA became Central Florida Expressway Authority (CFX). CFX and OOCEA are used interchangeably throughout this report.

The cost savings[15] study was delivered by Cambridge Systematics, Inc. and the Center for Urban Transportation Research (CUTR).[16] The study found that the authorities operate differently than FTE. The scale of operations, lane miles maintained, geography, operations and system reporting, and relationships to FDOT were all different. The study recommended common performance measurements be defined and developed for the authorities to allow for better tracking of cost-effective service delivery. The study also found that a consolidated back office tolling operation represented significant efficiencies for all the authorities, including the potential for an improved performance system with reliable, cost-effective transaction processing and seamless customer service.

CCSS Concept

On September 12, 2012, FTE, MDX, OOCEA, and THEA[17] executed a Memorandum of Understanding to formally express their desire to implement a CCSS for a statewide back office operation for the administration of electronic toll collection activities. The concept of the CCSS was to replace FTE, MDX, THEA, and CFX's existing customer service center (CSC) systems and operations. The new system concept included a centralized point of contact for customer service, toll transaction processing, and a reduction in the cost of electronic toll collection. The CCSS concept was designed to be operated by a third party on behalf of the participating tolling agencies for transaction processing, invoicing, customer service, and account management.

Under CCSS, each participating agency is responsible for sending qualified transponder-based transactions[18] and image-based transactions[19] to CCSS. Transponder-based transactions that belong to SunPass customer accounts are posted as SunPass transponder-based transactions. Transponder-based transactions that belong to interoperable agency customer accounts are processed as interoperable transponder-based transactions and subsequently transmitted to the interoperable agency. Transactions posted to prepaid SunPass accounts are immediately paid and funds are transferred to the agencies on a weekly basis.

Transactions that cannot be posted from transponders are processed by license plate information from images taken in the lanes. These image-based transactions are processed and posted to a SunPass account if a license plate match is found, or posted to a Toll-By-Plate (TBP) customer account and invoices are sent to the registered owner of the vehicle provided by a Department of Highway Safety and Motor Vehicles (DHSMV) search. The agencies are paid weekly for the invoices paid.

---

[15] Presentations were provided on 7/12/2012, 09/19/2012, 10/16/2012, and 07/2013.

[16] According to the presentation, the study team included Steve Reich and Janet Davis of CUTR, and Allan Rutter and Jack Henneman of Cambridge Systematics, Inc.

[17] These agencies are collectively referenced as "participating agencies."

[18] A transaction that is originated in the lane using Transponder technology (as opposed to an Image-Based Transaction) and in which the transponder is linked with a customer's account.

[19] A transaction that is originated in the lane, using image capture technology (as opposed to a Transponder-based Transaction) that takes an image of a vehicle's license plate.

Invitation to Negotiate
FTE advertised the Invitation to Negotiate (ITN) ITN-DOT-13/14-8001-SM on November 1, 2013, through the State of Florida's Vendor Bid System. The ITN, categorized as a competitive solicitation under the requirements of Chapter 287, F.S., solicited written proposals from qualified proposers to establish a term contract to provide a CCSS and associated Operations and Maintenance. The ITN included a Scope of Work, Requirements, and Agency Toll Transactions and Accounts from FY 2013, for FTE, MDX, OOCEA (now CFX), and THEA.

As outlined in the ITN, technical proposals with prices were due on February 10, 2014, to FTE, and oral presentations were scheduled from March 10 through March 21, 2014.

In response to the ITN, five companies submitted proposals as follows: Accenture, LLP (Accenture); Xerox State and Local Solutions, Inc. (Xerox); Cubic Transportation Systems, Inc. (Cubic); Egis Projects, Inc. (Egis); and Indra USA, Inc. (Indra).

Evaluation Process
Section 2.6 of the ITN established an evaluation process for the submitted proposals. This process included a review by a Technical Review Team (TRT), a Proposal Evaluation, and a Selection Committee.

The TRT consisted of an eight-member panel, consisting of two representatives from each of the four tolling agencies, FTE, MDX, THEA, and OOCEA. The TRT attended the ITN Pre-Qualification Oral Presentations and individually scored each of the five companies' technical proposals, price proposals, and oral presentations. The results are in Table 1.

Table 1: Technical Review Team Individual Ranking

	TRT Member	Accenture	Cubic	Egis	Indra	Xerox
FTE	Member 1	1	2	4	5	3
	Member 2	3	2	4	5	1
OOCEA	Member 3	1	3	4	5	2
	Member 4	2	3	5	4	1
THEA	Member 5	3	1	4	5	2
	Member 6	3	1	4	5	2
MDX	Member 7	1	2	4	5	3
	Member 8	1	3	4	5	2
Average Score		**1.9**	**2.1**	**4.1**	**4.9**	**2.0**

Source: ITN-DOT-13/14-8001-SM Technical Review Team Ranking Sheet

Accenture was ranked #1 (#1 being the highest rank) by four of eight TRT members, Cubic was ranked #1 by two of eight TRT members, and Xerox was ranked #1 by two of eight TRT members. Xerox was ranked #2 by four of eight TRT members, Cubic was ranked #2 by three of eight TRT members, and Accenture was ranked #2 by one of eight TRT members.

The Selection Committee (SC) was a four-member panel composed of executive management from FTE, OOCEA, THEA, and MDX.

After the TRT conducted its evaluations and rankings of the five proposals, the TRT's average ratings were submitted to the Selection Committee. Per section 286.011, F.S., members of the Selection Committee were not allowed to communicate with the TRT until a Selection Committee

meeting was held, at which time the Selection Committee members asked questions of the TRT. The rankings from the Selection Committee are in Table 2.

Table 2: Selection Committee Ranking

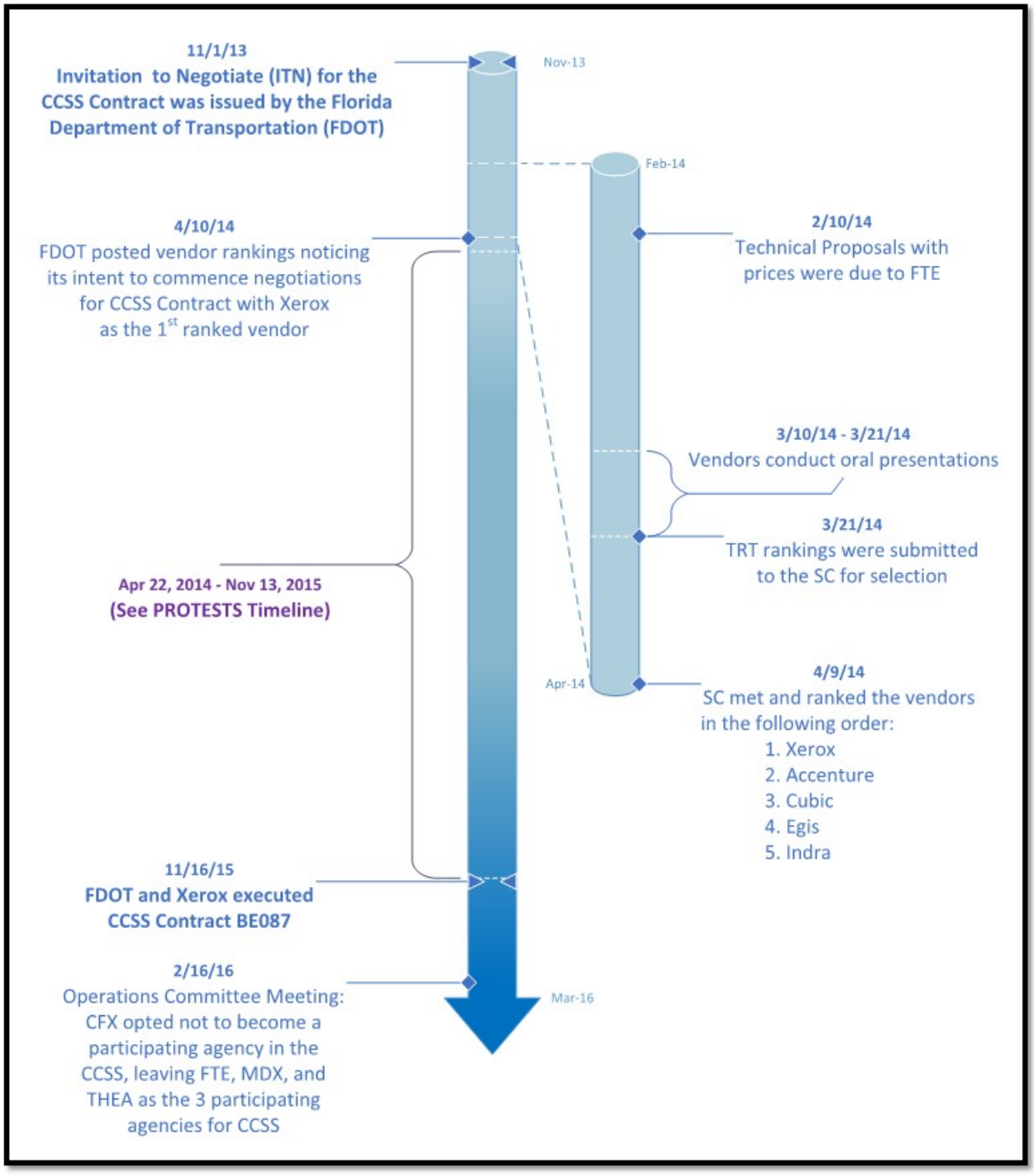
	Accenture	Cubic	Egis	Indra	Xerox
FTE	2	3	4	5	1
OOCEA	2	3	4	5	1
THEA	3	2	4	5	1
MDX	1	3	4	5	2
Average Score	**2**	**2.75**	**4**	**5**	**1.25**

Source: ITN-DOT-13/14-8001-SM Selection Committee Ranking Sheet

The Selection Committee members from FTE, OOCEA, and THEA ranked Xerox #1, and the Selection Committee member from MDX ranked Xerox #2. Based on average Selection Committee Rankings, Xerox was ranked #1, Accenture was ranked #2, Cubic was ranked #3, Egis was ranked #4, and Indra was ranked #5.

On April 10, 2014, FDOT posted vendor rankings noticing the department's intent to commence negotiations for the CCSS Contract with Xerox as the first ranked vendor. See the timeline in Image 4.

Image 4: Timeline of CCSS Contract Award



Source: Compiled by the Office of the Chief Inspector General

Protests to ITN

Cubic protested the ITN on April 22, 2014, stating that it believed Xerox conditioned its proposal based on price and that FDOT was partial to Xerox.

Three days later, Accenture protested the ITN on April 25, 2014, stating it believed Xerox conditioned its proposal based on price, FDOT conducted the oral presentations inappropriately, FDOT inappropriately used sequential negotiations (claiming it was not competitive), and Accenture should have been selected based on the TRT's ranking.

The Florida Division of Administrative Hearings[20] (DOAH) reviewed the protests from Cubic and Accenture and submitted a Recommended Order for FDOT to dismiss both protests on September 4, 2014. FDOT dismissed both protests in a Final Order on October 6, 2014.

Three days later, on October 9, 2014, Cubic filed an Emergency Motion for a Temporary Stay Pending Review, and simultaneously filed a Notice of Appeal and an Emergency Motion[21] for Immediate Permanent Stay Pending Appeal. Cubic sought a temporary stay[22] to allow Florida's First District Court of Appeal sufficient time to review the case. The First District Court of Appeal granted Cubic's motion to stay on November 21, 2014, and the final order of FDOT was stayed pending the disposition of the appeal.[23] The First District Court of Appeal's motion to stay allowed FDOT "to impose any conditions it considers reasonable or necessary to address the stay imposed by this order." In response to the court's motion for stay, FDOT commenced settlement negotiations with Cubic.

Settlement Agreement

On January 11, 2015, FDOT and Cubic entered into a settlement agreement for $3.6 million. The settlement agreement notates that in exchange for $3.6 million, Cubic shall transfer to FDOT any ideas, techniques, processes, designs, methods, innovations, or concepts ("work product") created solely and directly for the purpose of participating in ITN-DOT-13/14-8001-SM, all of which shall become property of FDOT. The settlement agreement stipulates that Cubic shall formally withdraw its proposal relating to the ITN from any further consideration for the CCSS contract and file a voluntary dismissal of its appeal. The settlement prevented Cubic from bringing forward litigation if any part of the work product were to be used during any phase of CCSS.

FDOT paid Cubic $3.6 million on January 13, 2015, and Cubic voluntarily withdrew its appeal on January 22, 2015. The $3.6 million was comprised of $1.6 million for intellectual property and trade secrets contained in Cubic's proposal, and the remaining $2 million for the time value of money to avoid the delay and lost benefits to the state. The source of funding for this settlement came from the "Turnpike System Equipment and Development" budget category. The purpose of this funding is to maintain, repair, and/or operate the equipment necessary for the collection of tolls on Florida's Turnpike System and is only allocated to the Turnpike Office.

The Settlement Agreement S0311 stated Cubic would transfer the following "work product" [24] related to the ITN to FDOT:

- Address Validation Management use via FICO[25] to ensure property addresses are used;
- Analytics – the use of FICO to assess success rates for toll violation collections;
- ROV – an efficient process to lookup Requested Owner of Vehicle;
- Interactive intelligent screening call system to ensure call screening and proper communication for toll violations; and,
- Business rules engine that enables quick change to software development and configuration.

[20] DOAH is a state agency that provides fair and impartial expert hearing services for the State of Florida.
[21] An "emergency motion" is a motion used for considering a decision quickly in order to avoid irreparable harm.
[22] A "temporary stay" temporarily suspends procurement proceedings while under the court's review.
[23] A "stay pending appeal" is a court order that temporarily suspends court proceedings or the effect of a judgement.
[24] As stated in a letter to Florida Department of Financial Services, dated January 12, 2015.
[25] FICO®, originally Fair, Isaac and Company, is a data analytics company based in San Jose, California focused on credit scoring services. It was founded by Bill Fair and Earl Isaac in 1956. Its FICO® score, a measure of consumer credit risk, has become a fixture of consumer lending in the United States.

During this review, inquiries were made to FTE staff to determine what work product had been used for the CCSS project. FTE reported that no work product from Cubic's proposal has been used or incorporated into the operations of the CCSS project.

FDOT Secretary Keven Thibault stated in a letter dated March 27, 2019, to the Honorable Tom Lee, Florida Senate, "… we cannot today advise precisely which Cubic concepts or intellectual property may have been incorporated into the CCSS system because use of those items was not tracked." Secretary Thibault also stated "… our understanding of what occurred previously does not guarantee that the Department would take the same action today."

Protest to Intent to Award

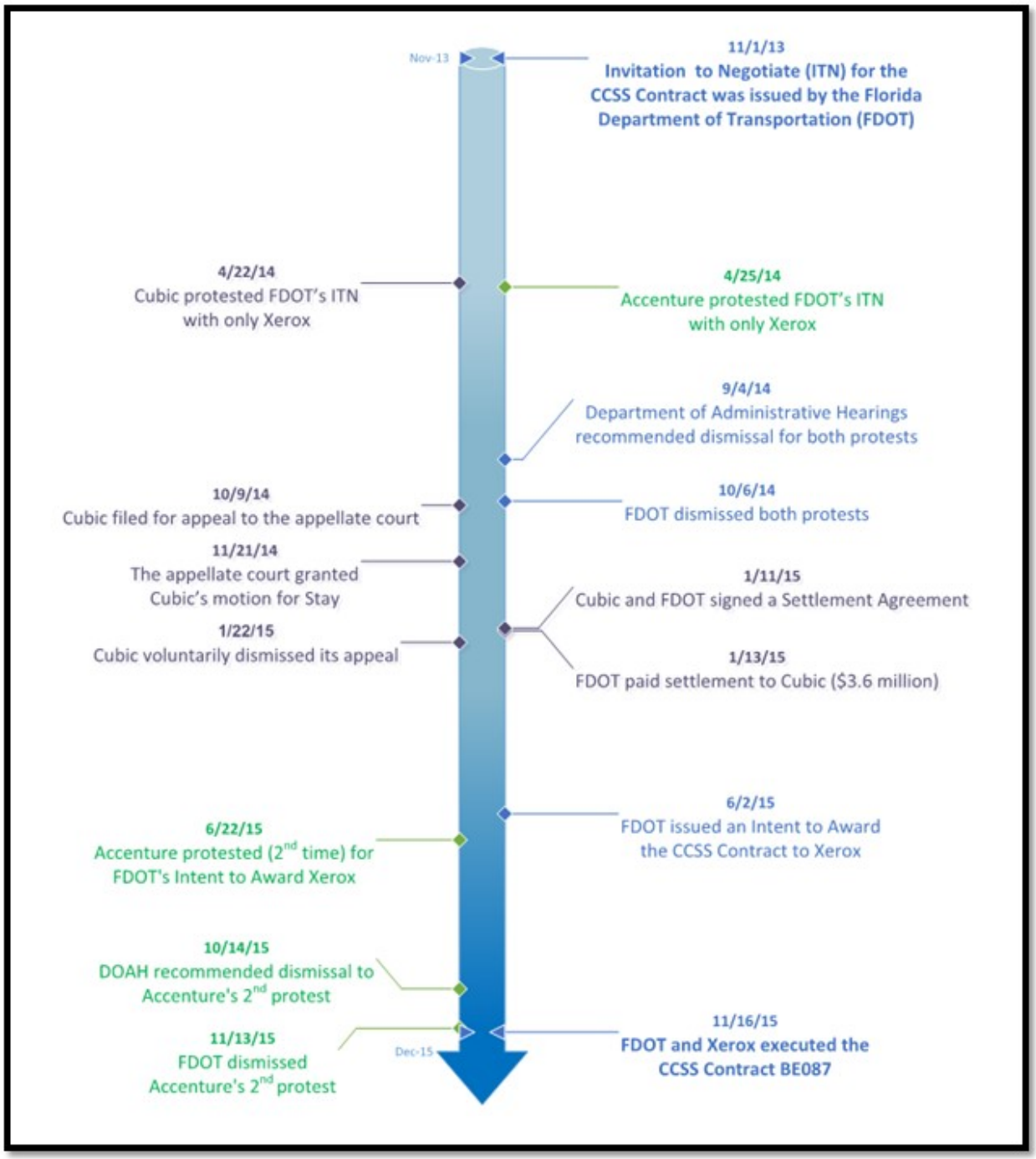
FDOT issued an Intent to Award the CCSS contract to Xerox[26] (now Conduent), as best value proposer on June 2, 2015.

On June 22, 2015, Accenture submitted a second protest for FDOT's Intent to Award the CCSS Contract to Xerox. The protest alleged non-competitive negotiations due to partiality to Xerox, no authorization for an agreement between FTE and the tolling agencies, that the contract award was not in accordance with the ITN, and that FDOT never identified the "best value to the state". The protest also mentioned Xerox's record of poor performance under other contracts for other states' tolling operations.

DOAH reviewed Accenture's second protest and recommended FDOT dismiss the protest and proceed with its determination to award the CCSS contract to Xerox on October 14, 2015. FDOT denied Accenture's petition for bid protest and formally dismissed the protest on November 13, 2015. See Image 5 for the timeline of protests and settlement.

[26] The contractor was named "Xerox State and Local Solutions, Inc." at contract execution, and was updated to Conduent State and Local Solutions, Inc. on March 30, 2017, in Amendment 8 of the contract.

Image 5: Timeline of Protests and Settlement



Source: Compiled by the Office of the Chief Inspector General

CFX Withdraws from CCSS

In 2015, a proposed interlocal agreement for CCSS was disseminated to all participating agencies for review and approval. Central Florida Expressway Authority (CFX), previously known as OOCEA, sent a letter to FTE in January 2016, expressing concerns about the proposed Interlocal Agreement. CFX desired for the agreement to include a pro-rata share of ownership of CCSS, to have an equal voice in management decisions, provide for desired key performance metrics, and ensure reasonable cost savings. In March 2016, FDOT sent a letter to CFX regarding the status of the CCSS and CFX's interest in participating. Ultimately, CFX opted not to become a participating agency in the CCSS,[27] leaving FTE, MDX, and THEA as the three participating agencies.

CCSS CONTRACT

FDOT executed Contract BE087 with Xerox on November 16, 2015, in the amount of $43,085,900. An additional $244,125,707 was encumbered for FY 2017 through FY 2022 for operation of the CCSS, totaling approximately $287,211,607. The contract, which incorporates by reference ITN, exhibits, volumes, and attachments, contains over 1,600 pages of specifications that describe the CCSS requirements in detail.

The contract consisted of two project phases: 1) Implementation, and 2) Operations and Maintenance. The Implementation phase began at Notice to Proceed[28] and ended at System Acceptance,[29] and encompassed six sub-phases (that may occur concurrently):

- Design and development;
- Pre-Go-Live testing;
- Installation and commissioning;
- Data migration and transition;
- Go-Live;[30] and,
- Operational Acceptance testing.

The Operations and Maintenance phase began once Go-Live was approved. During this phase, the contractor provided system maintenance and warranties for CCSS, including system software, hardware, and equipment, as detailed in the contract. During the contract term, the Contractor is responsible for all costs of Operations and Maintenance, excluding specific costs identified in the contract.

CCSS Contract Amendments

As of June 2019, Contract BE087 had 20 amendments, some of which amended the total contract cost to $358,412,593. A summary of contract costs through Amendment 20 is shown in Table 3.

[27] As discussed in CFX's Operations Committee Meeting that was held on April 18, 2016.
[28] A written notice given by the Agencies to the Contractor, establishing the date on which the Contract Term will commence and on which the Contractor shall start to perform the Contractor's obligations under the Contract.
[29] Considered by FDOT to have occurred, when FDOT has received and approved all project documents, drawings, software, interface data, test data, manuals and other deliverables for the Implementation phase, and Contractor has successfully completed the Acceptance Testing and when in FDOT's sole discretion Contractor has met all other obligations under the Contract.
[30] When the CCSS became operational.

Table 3: Summary of Total Contract Costs (As of June 2019)

Contract	Amount	Total Recurring Amount
Original Contract – Milestone A & B	**$ 43,085,900**	**$ 43,085,900**
FY 2017 Operations	*$ 18,966,036*	
FY 2018 Operations	*$ 40,870,397*	
FY 2019 Operations	*$ 44,197,760*	
FY 2020 Operations	*$ 45,447,525*	
FY 2021 Operations	*$ 47,034,535*	
FY 2022 Operations	*$ 47,609,454*	
Total Operations, FY 17-22	**$ 244,125,707**	**$ 287,211,607**
Amendment #1[31]	$ 0	$ 287,211,607
Amendment #2[32]	$ 0	$ 287,211,607
Amendment #3	$ 22,584,528	$ 309,796,135
Amendment #4	$ 10,905,308	$ 320,701,443
Amendment #5[33]	$ 0	$ 320,701,443
Amendment #6	$ 260,794	$ 320,962,237
Amendment #7	$ 1,102,348	$ 322,064,585
Amendment #8	$ 2,199,045	$ 324,263,630
Amendment #9	$ 0	$ 324,263,630
Amendment #10	$ 13,194,270	$ 337,457,900
Amendment #11	$ 0	$ 337,457,900
Amendment #12	$ 4,342,660	$ 341,800,560
Amendment #13	$ 2,039,734	$ 343,840,294
Amendment #14	$ 11,624,640	$ 355,464,934
Amendment #15	$ 239,220	$ 355,704,154
Amendment #16	$ 14,151	$ 355,718,305
Amendment #17	$ 73,623	$ 355,791,928
Amendment #18	$ 111,014	$ 355,902,942
Amendment #19	$ 2,497,928	$ 358,400,870
Amendment #20	$ 11,723	**$ 358,412,593**

Source: Original Contract BE087, Amendments, and Florida Accountability Contract Tracking System

Other Contracts between FDOT and Conduent

Contract BE333 is a performance-based contract that was executed on April 17, 2017, by FTE. This contract is for the period of April 17, 2017, through March 31, 2027, and has a total contract value of $9,693,573. The scope includes planning, installation, and implementation of toll equipment.

Contract BDU99 is a standard two-party agreement between FDOT and Conduent Transport Solutions, executed on September 21, 2012. This contract is for the period of September 21, 2012, through March 28, 2021, and has a total contract value of $22,366,336. The scope of services includes construction, operations, and maintenance of a Fare Collection System and Equipment for SunRail.

[31] Payment amounts associated with Milestones A and B are added into the Payment Schedule (Exhibit B).
[32] Milestone A-18 (Go-Live) is split into two separate milestone components: A-18a (Go-Live – System); and A-18b (Go-Live – Operational Transition).
[33] A provision is added in the contract to include requirements under section 119.0701, F.S., (Public Records).

Project Management and Oversight

The CCSS contract BE087[34] outlines the authority of the Project Manager to act as the designated representative of the participating agencies in all matters and instruct the Contractor to perform the work the Project Manager determines to be necessary to fulfill obligations under the contract. The Project Manager also serves to answer questions regarding the value, acceptability, and fitness of the services; either party's fulfillment of its obligations under this agreement; and the interpretation of Exhibit A, Scope of Work and Requirements.

Contract C-9A92 tasked Atkins to "manage, direct and coordinate major toll collection contracts including new toll system acquisition, testing and implementation."[35] FTE issued amendments[36] under contract C-9A92 to task Atkins with project oversight and management of the CCSS. Three Atkins consultants served in a management-level capacity and contributed to the CCSS project: Jack Henneman[37] and John McCarey,[38] who each served as Project Directors, and Walter Kristlibas,[39] who served as a Senior Advisor.

In accordance with Contract BE087 Section 2.47(e), the Contractor agrees to be bound by all determinations and is required to adhere to the direction provided by the Project Manager, regardless of whether the Contractor agrees with the Project Manager's determination. The contract requires that orders be in writing, unless not practicable, in which event any oral order must be confirmed in writing by the Project Manager as soon thereafter as practicable.

EVENTS LEADING TO GO-LIVE

Go-Live, initially scheduled for February 27, 2017, was subsequently extended five times and actually occurred on June 11, 2018. The first extension, to June 26, 2017, resulted from the addition of the Southeast Reciprocity Hub[40] to the project requirements. The remaining amendments extending the Go-Live date did not provide justification for these extensions, but extended the date of Go-Live and added additional funding for operations of the call center. The FTE Executive Director, FTE Procurement Office, and FTE Legal Office approved the amendments. Go-Live extensions with corresponding descriptions and amounts are detailed in Table 4.

[34] Section 2.47, Invitation to Negotiate.
[35] Contract C-9A92, Exhibit A, Section IV, G(1)(a).
[36] Amendment #2 to Contract C-9A92 was executed on July 29, 2018, and added McCarey Consulting as a sub-consultant under Atkins to perform "Home Office Support Services for CCSS."
[37] No longer with Atkins, as of April 2018.
[38] No longer with Atkins, as of October 2018.
[39] Currently employed with Atkins, however, as of March 2019 was no longer assigned to the CCSS project.
[40] The Southeast Reciprocity Hub is required by the Moving Ahead for Progress in the 21st Century (MAP-21) Act, Pub. L. No. 112-141, 126 Stat. 405 (2012). Specifically, MAP-21 requires toll facilities on highways that receive federal aid, such as FTE, to implement technology that provides for the interoperability of electronic tolls. Tolling agencies across the southeastern United States have entered into an interoperable agreement to allow their customers to utilize each other's toll roads.

Table 4: Go-Live Extensions

Extension No.	Amendment	Executed Date	Not to Exceed Amount	Description	Modified CCSS Go-Live
Original Go-Live Date	Original Contract	11/16/15	$0	General terms and conditions	2/27/17
Extension 1	4	8/26/16	$10,905,308	Addition of SE Hub & extend Go-Live	6/26/17
Extension 2	8	3/30/17	$2,171,330/mo.	Extend Go-Live	10/2/17
Extension 3	10	10/2/17	$2,171,330/mo.	Extend Go-Live	3/31/18
Establish Liquidated Damages at $5,000 per day.	11	11/21/17	$0	Establish Liquidated Damages and revised Go-Live	3/23/18
Extension 4	12	3/30/18	$4,342,660/mo.	Extend Go-Live	5/31/18
Go-Live occurred on June 11, 2018.					
Extension 5	13	5/31/18	$2,039,734/mo.	Extend Go-Live	6/30/18

Source: Contract BE087 and associated Amendments

The budget amendments associated with extending the CCSS Go-Live date total approximately $45,462,585. FTE's finance office indicated a comparable amount would have been paid to Conduent for operations of the CCSS even if the Go-Live date was not extended because Conduent began providing operational services during the interim period in September 2016, as the contract between FDOT and the company previously contracted to provide electronic toll revenue collection, expired.

Contractual milestones were established to develop CCSS and outlined in the Contract Payment Schedule. The key milestones and deliverables leading up to Go-Live are discussed below.

Data Migration

Prior to Go-Live, Conduent was required by the contract to perform data migration from FTE's existing BOS to CCSS, and then test the migrated data. As reported by Conduent, the data migration process required Conduent to transfer 8.5 million accounts, 8.2 billion toll transactions, $167 million in account balances, and $7.1 billion in payment activities.

Testing

In order to ensure CCSS was ready for Go-Live, Conduent was contractually obligated to test the system in accordance with the Master Test Plan approved by Atkins, on behalf of FTE. According to an email from Nancy Gerrity (Atkins) on March 2, 2016, the Master Test Plan was an "approved plan."

According to Conduent, they completed the Onsite System and Integration Testing (OSIT) on May 30, 2018, and Atkins' consultants facilitated and managed these testing sessions and provided final approval of the test results.

Table 5: Descriptions of Testing Phases

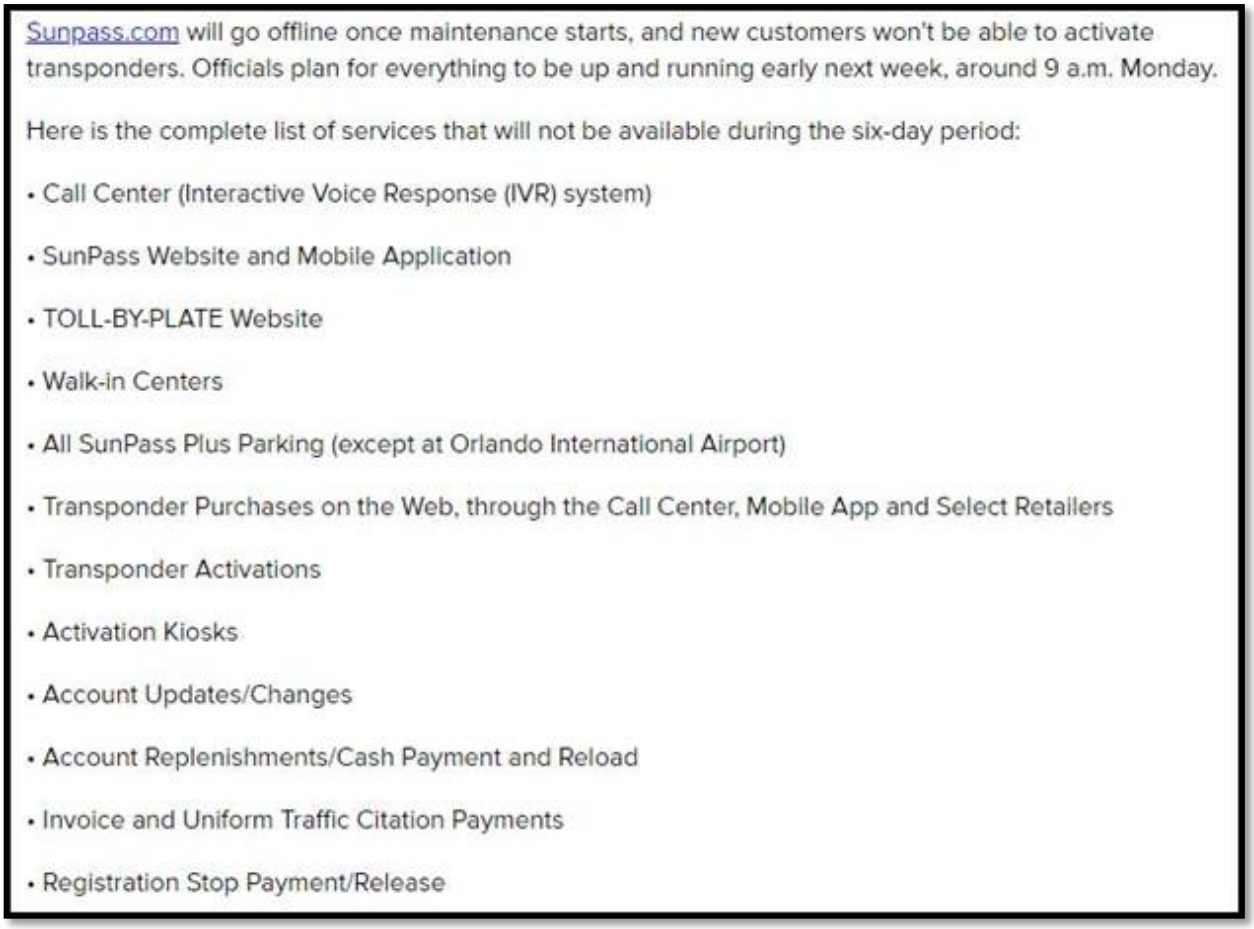
Phase No.	Testing Phase	Purpose of Testing Phase
1	Demonstration Testing (DEMOT)	All major functional components of CCSS were tested to ensure they were capable to meet the approved design, business rules, and the requirements listed in the Requirement Traceability Matrix (RTM).
2	Software Unit Testing (SWUNT)	All the functional elements of CCSS were tested for functional compliance as listed in the ITN.
3	Software Interface Testing (SWIFT)	Validation that all the interfaces between CCSS and the Agencies, Interoperable Agencies, Third-Party Service providers and Third-Party Business Partners were functional.
4	Software Integration Testing (SWINT)	All technical and interface elements of CCSS were to be proven fully integrated and capable of meeting the requirements of the CCSS.
5	On-Site Installation and Commissioning Testing (OICT)	OICT testing was to validate that CCSS was completely installed and operational.
6	On-Site System Integration Testing (OSIT)	To ensure the system, equipment, software, and communications interfaces were fully integrated with the Florida toll collection facilities and was ready for revenue collection operations. This test was to be focused on areas of the system that prior testing indicates need additional testing, regression testing, and End-to-End testing.
7	Data Migration, Transition and Go-Live Testing (DMIGT)	The process for migrating the data from the Agencies' existing back office systems to CCSS was to be tested in this phase.
8	Operational and Acceptance Testing (OAT)	Once the system was approved and functional this phase was to be conducted for a two-month period. This phase was to ensure CCSS and the network are sized and configured correctly and data is processed without interruption.

Source: Master Test Plan for CCSS (required by ITN)

Customer Notifications of System Maintenance

FTE reported that prior to Go-Live, FDOT and FTE notified customers that SunPass services would not be available for the period of Tuesday, June 5, 2018, around 7 p.m. through Monday, June 11, 2018, around 9 a.m. The www.sunpass.com website provided a complete list of services that would not be available during the six-day period and encouraged customers to be proactive in ensuring account balances were sufficiently funded prior to June 5, 2018. In addition to the notifications posted on the SunPass website, FTE mailed 231,090 postcard notifications on May 25, 2018, and e-mailed 5,909,030 notifications on May 29, 2018, informing customers of the upcoming "maintenance" period during the transition to CCSS. In response to the notifications, FTE reported an increase in IVR and Call Center call volumes and account management prior to the transition period. However, FTE communicated as if the changes were routine system maintenance, rather than a transition to a completely new system. See Image 6 for the notification sent to SunPass Customers.

Image 6: Notification Provided to SunPass Customers



Source: WTSP Channel 10 news, Tampa, FL - Example of media outreach to SunPass customers

Planned Transaction Backlog

FTE reported that Conduent and FTE both expected a backlog of toll transactions to accumulate during the period FTE's BOS was taken offline on June 5, 2018, through the period the CCSS began operations on June 11, 2018. Conduent estimated that this backlog would peak at approximately 82 million toll transactions.

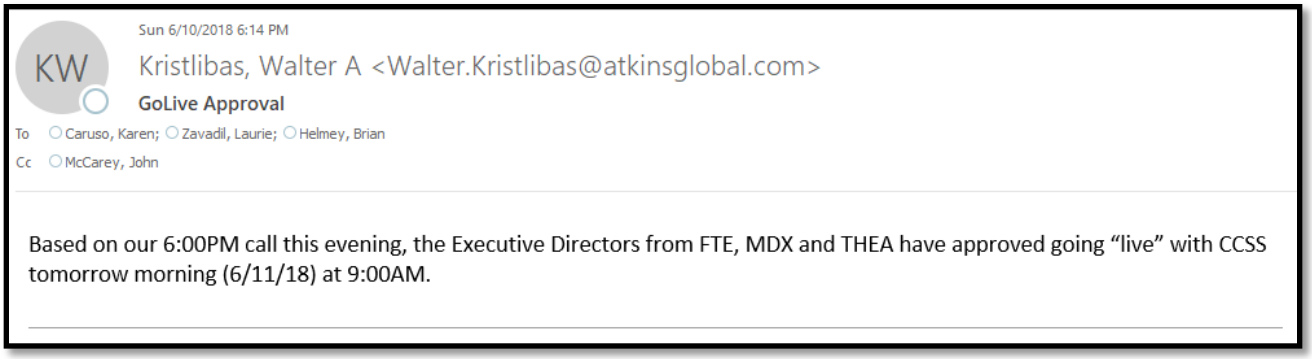
Go-Live Approval

On June 10, 2018, at 6:00 p.m., a teleconference was held between Conduent, Atkins, FTE, MDX, and THEA regarding the "Go/No-Go" decision for execution of the CCSS. Based on corroborated statements from FTE employees and consultants, the teleconference provided attendees an opportunity to voice concerns regarding the readiness of CCSS. Individuals who attended the teleconference confirmed that the decision to "Go" was made without objection from any participant and there were no readiness concerns identified during the teleconference. This approval was based on a verbal, unrecorded telephone conversation.

At 6:14 p.m. on June 10, 2018, an Atkins Consultant sent an email to Conduent stating "based on our 6:00PM call this evening, the Executive Directors from FTE, MDX and THEA have approved going "live" with CCSS tomorrow morning (6/11/18) at 9:00AM." This email notification was only sent to executive management of Conduent and Atkins, the FTE consultant.

FTE staff were not included in the Go-Live approval email notification. Apart from this email and corroborated statements from individuals who participated in the 6:00 p.m. call, there is no record of written approval or assurances from Conduent to Go-Live. See Image 7 for the approval email.

Image 7: Go-Live Approval Email



Source: Email from Atkins to others

Day of Go-Live: June 11, 2018

On Monday, June 11, 2018, an FTE consultant sent an email stating CCSS was live as of 9:12 a.m. Shortly thereafter, an FTE consultant notified Conduent's executive management and other FTE consultants via email that the CCSS website was unavailable.

FTE and Consultant staff confirmed there was an immediate sign CCSS was overwhelmed on the day of Go-Live citing issues including:

- SunPass website and mobile application not available;
- IVR application not functioning;
- database processes and server capacities did not meet consumer demand;
- payment processing issues and duplicate payments were found; and,
- SunPass Plus airport parking was not functioning.

RESULTS OF REVIEW

We reviewed available documents and interviewed key FDOT, FTE, Atkins, HNTB (an FTE consultant), Conduent personnel, and others[41] who were involved in the transition from FTE's BOS to the new CCSS to determine:

- What should have occurred at Go-Live;
- CCSS failures at Go-Live, including why the CCSS failed; and,
- Actions taken as a result of the CCSS failures at Go-Live.

What Should Have Occurred at Go-Live

In summary, Contract BE087 required CCSS to provide the following capabilities at Go-Live:

- Processing and billing of transactions;
- Identification of the registered owner of the vehicle;
- Complete operational and financial reconciliation;

[41] Consulting firms that contributed to this project include Atkins North America, HNTB, Kyra Solutions, AECOM, One Tech Place, and GDKN. Consultants from these firms functioned in roles including, but not limited to Project Directors, Procurement Project Managers, Senior Advisors, Business Consultants, Security Risk and Compliance Officers, Tolls Program Managers, Senior Architects, Systems Architects, and Senior Toll Systems Project Managers for Data Migration.

- Comprehensive system reporting;
- Customer account management;
- Prepaid and post-paid accounts payment capability, lockbox, and payment processing services;
- Skip tracing and collection of delinquent or uncollectable accounts;
- Transponder inventory management;
- All inbound and outbound customer communication; and,
- Website, mobile website, mobile application, and IVR.

Conduent was also required to maintain a system capable of managing and operating all inbound and outbound customer communications through the prescribed "customer facing" portals. Additionally, Conduent was required to maintain and operate the CCSS "non-customer facing" tasks. Finally, Conduent was also responsible for providing walk-in center facilities and staff to operate the call centers. These functions were scheduled after extensions to begin operating at Go-Live on June 11, 2018.

The contract did not include a license plate image review system or operation, nor did it cover lane related services. These services would continue to be rendered by the Agencies.

CCSS Failures at Go-Live and Why CCSS Failed

There were multiple customer-facing issues that occurred on the day of Go-Live and continued for several weeks afterward as follows.

Issue 1: Website and Mobile Application Not Available

The SunPass website and mobile application are two resources available for customers to interact with the SunPass pre-paid tolling program. The free mobile application (Image 8, left) is available to customers in the Apple App Store and Google Play. The free mobile application[42] includes features such as the ability to check account balances, add funds via a credit card or easy pay, view transaction history, and add or modify vehicles and transponders. The SunPass website (Image 8, right) is available to online customers. The website allows customers to access their SunPass Account, purchase a transponder, activate a transponder, access a toll invoice, review registration stop information, and access rental vehicle information.

[42] The mobile application was a feature of the Legacy SunPass system, but offered limited functionality. The updated mobile application offers the same functions that are available on the website.

Image 8: SunPass Mobile Application and SunPass Website

Source: Screenshots from the SunPass mobile application and website

On the day of Go-Live, SunPass customers experienced issues accessing the SunPass website and mobile application. Customers were unable to load the SunPass homepage, access their accounts to retrieve updates, or make payments. Customers also experienced long-running scripts[43] which caused the system to time-out. Conduent stated they are unable to determine how many users were impacted. Conduent reported that actual customer demand exceeded the website infrastructure capacity (e.g., bandwidth) that was available for the CCSS for the first week of Go-Live.

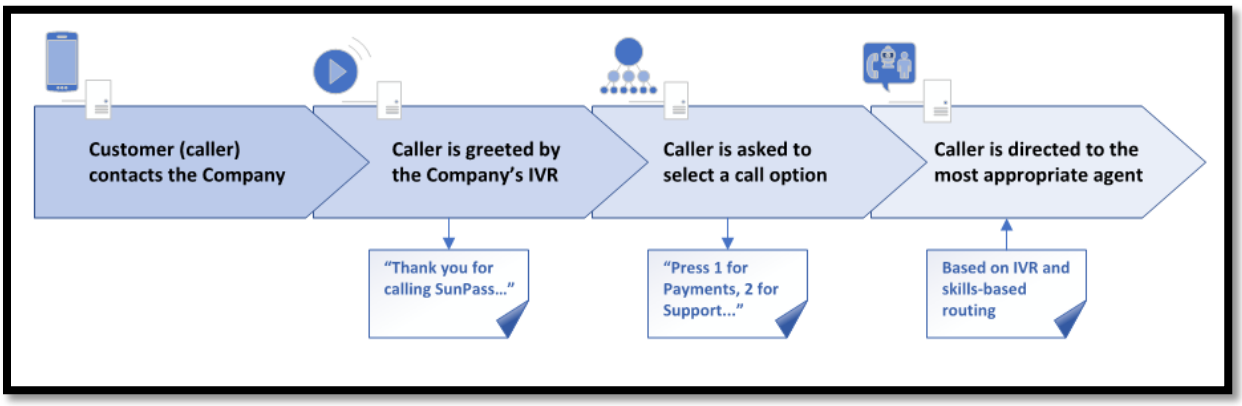
Contract BE087 required website and mobile application functionality. These functions were expected and required to be functioning when the CCSS system went live on June 11, 2018.

Issue 2: IVR Application Not Functioning

The SunPass IVR is a feature that allows customers to interact with the system through a telephone keypad or speech recognition. The IVR feature can respond to a customer's request through a series of prompts, allowing the customer to quickly address the purpose for contacting SunPass. An example of the IVR process is shown in Image 9.

[43] A computer program that takes longer to execute than anticipated either due to an error, lengthy code, or inefficiencies.

Image 9: IVR Scenario Example



Source: Compiled by the Office of the Chief Inspector General

Contract BE087 required IVR functionality for the CCSS. This function was expected and required to be functioning when the CCSS system went live on June 11, 2018.

FTE staff and consultants reported high call volumes to the IVR that overloaded the system. Because the demand was so high and customers experienced issues accessing the website and mobile application, customers who would have typically accessed SunPass using the web or mobile application attempted to access SunPass via the IVR.

On the day of Go-Live, SunPass customers who contacted SunPass via IVR received a busy signal or experienced long wait times.

Conduent reported they were expecting 175,000 calls to the IVR on June 11, 2018, however, 232,550 calls, a 33 percent difference, were actually made to the IVR. This surge resulted in the IVR becoming unavailable. This review was unable to independently confirm the numbers provided by Conduent.

The recorded number of calls to the IVR, calls to the call center, web "hits", mobile application "hits", and the number of payments on the day of Go-Live were provided by Conduent via email as shown in Image 10. These numbers do not indicate how many customers tried but could not reach the intended service.

Image 10: Conduent provided volumes on the day of Go-Live

OIG Query	
Query	11-Jun
# of calls to the IVR	232,550
# of called offered to the call center	20,356*
Web "home page" hits	10,100
Web "all page" hits	188,693
Mobile App "home page" hits	48,549
Mobile App "all page" hits	594,920
# of payments made (broken down by application)	
- Call Center	37,485
- Walk-in Center	3,206
- Money Service Provider	366

* Conduent was at full staffing at Go Live, modeled to accommodate upwards of 21,000 calls

Source: Volumes provided by Conduent

FTE reported the IVR blockage was alleviated on July 6, 2018, as a result of the call volumes lowering below the threshold of what the system was capable of processing. Conduent reported to FTE that there were intermittent periods of high call volumes immediately following Go-Live, and in response to the high call volumes, Conduent acquired more licenses to alleviate this issue.

Issue 3: Unintentional Account Replenishments Resulting in Duplicate Charges

The CCSS is required by Contract BE087 to provide an interface for customer accounts to the merchant or banking service providers for both ACH (Automated Clearing House) and payment cards.[44] This functionality allows SunPass customers to make payments with a credit or debit card. This also provides the ability to link a checking or savings account to a SunPass account to make one-time payments or to automatically replenish a SunPass account at a given amount.

Contract BE087 also requires the CCSS to prevent unintentional account replenishments, specifically requiring it to "[p]rovide sufficient protections (and Alert to the PMMS) to prevent multiple (duplicate) ACH payments for the same bank Account number within a Configurable period."

On the day of and subsequent to Go-Live, some SunPass customers experienced duplicate or multiple charges to their SunPass account.

On June 24, 2018, Conduent reported and FTE confirmed, that for the period of June 11, 2018, through June 16, 2018, a total of 5,754 transactions were reviewed for errors. As a result of that review, 1,406 transactions were identified as being duplicate transactions, of which 1,260 transactions resulted in a customer refund. The remaining 146 transactions did not post to the customers' credit card accounts, and therefore no refund was required. A total of 571 customers were impacted.

[44] ACH encompasses various forms of transferring funds electronically between two financial institutions, such as checks, e-checks, and recurring payments (auto replenishments) taken directly from checking or savings account. Credit card transactions, on the other hand, are made through the credit networks of the issuing cards. Credit cards are revolving debt instruments that enable individuals to use borrowed money to make purchases or payments.

Total transactions reviewed	5,754
Transactions resulting in duplicate charges	1,406
Transactions resulting in refunds	1,260
Remaining unaffected duplicate transactions	146

These errors occurred in the system when a customer attempted to make a payment in their account, and pressed "enter" more than one time. When customers pressed "enter," no system notification or feedback was provided to inform the customer the order was being processed. Under such circumstances, the system processed the same payment multiple times as a result of the customer repeatedly pressing enter and without system protections[45] to prohibit duplicate charges from occurring.

Issue 4: Untimely Customer Billings Resulting in Account Overdrafts

FTE reported 2,247 SunPass customers who had a debit card linked as their SunPass account auto-replenish function experienced account overdrafts. The auto-replenish function automatically replenishes the customers' SunPass account when the balance goes below a pre-set low balance threshold (e.g., $10). The overdrafts resulted in a total of $189,885 in overdraft fee reimbursements by FDOT to impacted customers. Conduent reimbursed FDOT for these overdraft fees in the form of a reduction to its January and February 2019 invoices.

These overdrafts occurred as a result of the backlogged transactions that were processed in excess of production volume to catch up on the transaction processing backlog. These backlogged transactions were processed from the period of mid-July to mid-August, at which time the backlog was cleared.

A backlog in toll transactions was expected, but a larger than expected backlog of toll transactions developed during the System Maintenance period between June 5, 2018, and June 11, 2018. The backlog also exceeded projections due to MDX and THEA suspending toll processing in May 2018, a week earlier than expected.

Based upon information provided by Conduent and confirmed by FTE, while the backlog was expected to reach 82 million transactions, the actual backlog eventually exceeded 180 million toll transactions. Conduent's estimates for the planned backlog were based on transaction volumes provided in the ITN that dated from 2013, rather than current volumes.

Issue 5: SunPass Plus Airport Parking Was Not Functioning

The CCSS was required to interface with airport and other parking service providers. SunPass Plus is a functionality that is available to all SunPass customers who have established the auto-replenish function, which automatically replenishes the customers' SunPass account when the balance goes below a pre-set low balance threshold (e.g., $10). This function is used by entering and exiting the airport garage parking lane designated for SunPass Plus. The computer reads the SunPass transponder and sends a signal to open the gate arm. The system will calculate the charges, access available funds, and replenish the SunPass account (if necessary) to withdraw the amount to allow customers to exit the garage.

FTE and Conduent reported that SunPass Plus customers experienced issues entering and exiting airport parking facilities that interfaced with the SunPass Plus parking feature. Conduent

[45] As required by Contract BE087, Exhibit A, Volume 1, Section 5.5 ACH Processing, which states, "Provide sufficient protections (and Alert to the PMMS) to prevent multiple (duplicate) ACH payments for the same bank Account number within a Configurable period."

reported that shared system[46] resources caused contention and system response delays, thereby causing the airport gate arms to be unresponsive when customers were exiting airport garages with a SunPass transponder.[47] FTE, after consultation with Conduent, reported that the number of customers impacted is "impossible to quantify" because this statistical information is not collected.

Customers were unable to exit airport parking lots/garages, experienced delays, and were eventually re-routed to cash and credit card lanes. Affected airports included: Palm Beach International Airport, Ft Lauderdale/Hollywood International Airport, Miami International Airport, Tampa International Airport, and Orlando International Airport.

Issue 6: Bandwidth and Server Capacities Did Not Meet Consumer Demand

The CCSS computing infrastructure consists of both hardware architecture and software components. Conduent was required to perform certain tests of the system at certain capacities prior to Go-Live in order to assure the CCSS infrastructure was sufficient and the system functionality was adequate enough to offer the services described in the ITN and the Requirements Traceability Matrix (RTM). Any issues identified during testing should have been tracked and mitigated. Once testing was complete and all the issues were closed, FDOT should have granted System Acceptance for CCSS.[48]

On the day of Go-Live, server capacity and bandwidth were not sufficient to support the SunPass website, SunPass mobile website, SunPass mobile application, and IVR functions without interruption. These areas were severely impacted because of reported insufficient bandwidth and server capacity. HNTB consultants, FTE Finance personnel, as well as FTE operational and executive management independently reported these issues during interviews. Conduent also referenced these issues as root causes for the issues experienced at Go-Live.

Conduent stated that bandwidth and capacity utilization reports for the Go-Live period were unavailable. Additionally, FTE stated they did not have access to Conduent's infrastructure monitoring system, Zenoss,[49] at Go-Live.

However, based on the information available, the following three testing-related areas (described in greater detail below) may have contributed to the bandwidth and server capacity issues experienced at Go-Live:

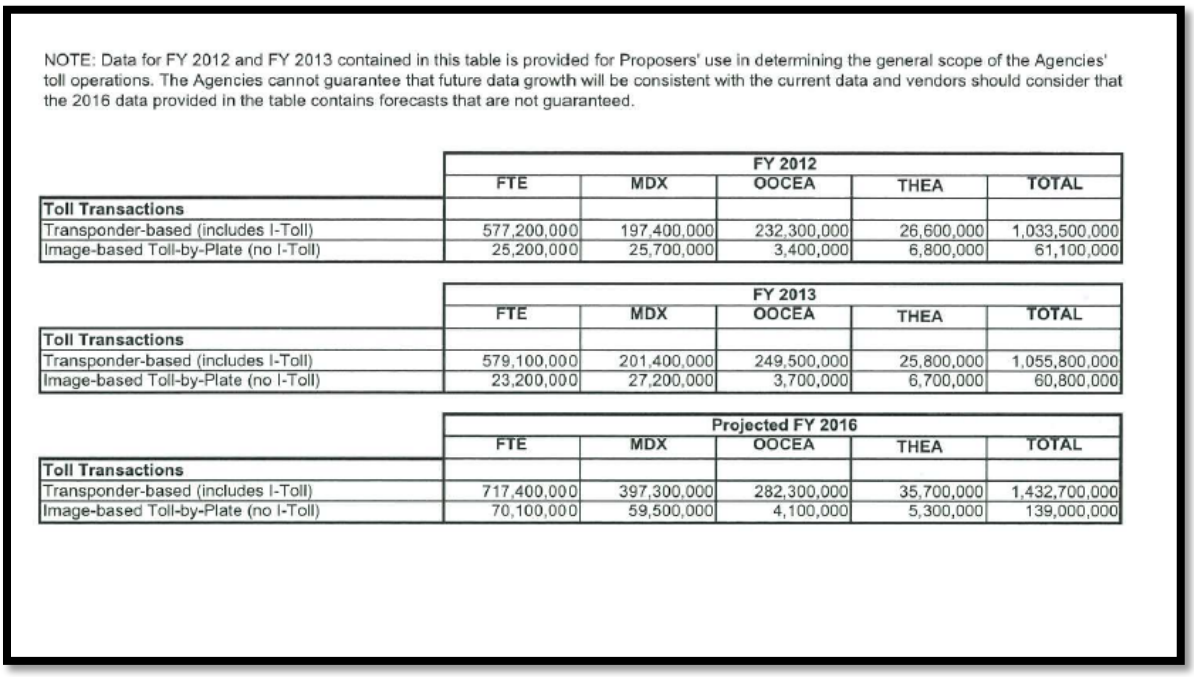
- transaction volumes used for testing;
- end-to-end testing; and,
- duration of the 200% loads during testing.

Transaction Volumes Used for Testing

Contract BE087[50] states, "The Contractor shall provide sufficient processing capacity to support 200 percent of the Agencies' current transaction volumes, with the ability to easily scale up to accommodate unanticipated growth." Furthermore, the ITN specifically states (see Image 11) the volumes contained in the ITN are provided for the Proposers' use in determining the general scope of the Agencies' toll operations and that the Agencies' cannot guarantee that future data growth will be consistent with the current data and vendors should consider that the 2016 data provided in the table contains forecasts that are not guaranteed.

[46] An example is a single server that handles multiple functions, such as financial processing, license plates, airport parking, and transaction amendments.
[47] As reported by Conduent on December 13, 2018.
[48] The testing consisted of eight phases.
[49] Zenoss is a subsystem of the PMMS.
[50] Exhibit A, Volume 4, Section 2.4.

Image 11: ITN Volumes



NOTE: Data for FY 2012 and FY 2013 contained in this table is provided for Proposers' use in determining the general scope of the Agencies' toll operations. The Agencies cannot guarantee that future data growth will be consistent with the current data and vendors should consider that the 2016 data provided in the table contains forecasts that are not guaranteed.

	FY 2012				
	FTE	MDX	OOCEA	THEA	TOTAL
Toll Transactions					
Transponder-based (includes I-Toll)	577,200,000	197,400,000	232,300,000	26,600,000	1,033,500,000
Image-based Toll-by-Plate (no I-Toll)	25,200,000	25,700,000	3,400,000	6,800,000	61,100,000

	FY 2013				
	FTE	MDX	OOCEA	THEA	TOTAL
Toll Transactions					
Transponder-based (includes I-Toll)	579,100,000	201,400,000	249,500,000	25,800,000	1,055,800,000
Image-based Toll-by-Plate (no I-Toll)	23,200,000	27,200,000	3,700,000	6,700,000	60,800,000

	Projected FY 2016				
	FTE	MDX	OOCEA	THEA	TOTAL
Toll Transactions					
Transponder-based (includes I-Toll)	717,400,000	397,300,000	282,300,000	35,700,000	1,432,700,000
Image-based Toll-by-Plate (no I-Toll)	70,100,000	59,500,000	4,100,000	5,300,000	139,000,000

Source: Contract BE087, Exhibit A, Attachment 2 - Agency Volume and Operations Information

Conduent reported they used the transaction volumes provided in the ITN, which contained transaction data from 2013, to test the CCSS. A review of the approved performance testing results from May 2018, show the 2013 ITN volumes were used.

Conduent, FTE, and Consultants stated in emails and in interviews that discussions were held about the use of "current transaction volumes" versus the 2013 ITN volumes for testing purposes.

In November 2017, Conduent requested via email an FTE Consultant to review a spreadsheet containing the transaction volumes for performance testing. The FTE Consultant responded that he "highlighted a number of the items of concern." For example, the "image-based toll by plate" volumes Conduent used were 60.8 million, which was consistent with the 2013 ITN volumes. However, the FTE Consultant communicated that the current (2017) transaction volumes (reflected in the MOSR[51]) were 202 million. The FTE Consultant also responded that he "didn't validate every value [but] believe[d] Conduent can perform that validation using the information available."

Between April 27, 2018, and May 3, 2018, there were a series of emails showing significant disagreements between Conduent and Atkins concerning transaction volumes and bandwidth. On April 27, 2018, Conduent provided a white paper to Atkins addressing bandwidth utilization versus CCSS allocated bandwidth. Conduent stated that "we have concluded and proven that FTE and THEA have adequate bandwidth and no changes are required" referring to similar analyses performed by Conduent for THEA and FTE networks. Conduent also stated in the white paper, "To date, FTE has not formally communicated or informed Conduent of any changes to the volumes listed in the ITN." The white paper further detailed that image sizes were larger than anticipated and bandwidth needed to be increased to accommodate the additional transaction size. Atkins responded via email[52] on May 1, 2018, stating:

[51] Monthly Operating Statistics Report.
[52] Commented within the white paper provided by Conduent to Atkins.

"The volume of discussions between FTE and Conduent on the increase [in] volumes have been numerous. As per the ITN, Conduent was to build a system with 200% capacity over existing volumes. As evidenced by your own analysis, this clearly has not been done. In addition Conduent is responsible for continuously adapting to volume increase. Had the communications lines been sized to handle 200% increase in volume as required by the ITN, the circuit size would not now be a problem but a starting point in preparing for the future."

"Your assumption that you used shows that the volume increases were in fact known…or should have been known by Conduent… by at least November 2017 and not as of last week when discussing this subject at IBTTA[53]".

Conduent responded to Atkins on May 2, 2018, stating that "It is the obligation of any agency to notify their vendors that size and scope requirements have changed. It is not incumbent upon the vendor to stumble upon or uncover, or infer that critical requirements have changed on their own." Further, Conduent stated, "It should be noted, there is no contractual obligation to provide bandwidth at the levels currently required to properly handle transaction volume in excess of those stated in the ITN, in particular, the MDX TBP transactions. We have provided the architecture to provide sufficient bandwidth based on the ITN volumes including accommodating for customary growth over the ITN volumes. Today's volume is orders of magnitude greater than what customary growth would look like."

On May 3, 2018, Atkins responded to Conduent and stated, "The ITN required "sufficient bandwidth" to handle the volume. Not as of or for ITN volumes referenced for initial planning purposes. We disagree with this assessment."

Prior to Go-Live (June 11, 2018), Conduent stated in the white paper that "Conduent has started the process to upgrade the MDX primary and secondary circuits to 50Mbps as a long-term solution, but may cancel as we analyze the performance of the remediation steps…"

<u>End-to-End Testing</u>
The CCSS Master Test Plan (MTP) states end-to-end testing is performed to ensure processes, transactions, and their interactions are tested through their final stages or disposition, and the MTP is required to include the approach to end-to-end testing, validation, and reconciliation. End-to-end testing was to be completed during the Onsite System Integration Testing phase (OSIT).

Contract BE087[54] requires OSIT testing for the CCSS to include:

- testing all functional elements of the CCSS using the procedures for software integration testing, including the end-to-end testing from receipt of transactions through posting to the financial accounts, reports testing using migrated, simulated, and keyed-in data and demonstrating conformance with the Requirements, Approved Design and Business Rules;
- stress testing of the entire CCSS in terms of user access, including internal and external users on all channels (for example, SunPass website, mobile, IVR, website, mobile application);
- stress testing of the entire CCSS in terms of transaction processing;
- full Disaster Recovery failover testing and recovery (back to primary CCSS) testing; and,
- testing using actual data, generated real-time (as if in a real, live production environment) by the existing Agencies' systems.

[53] The International Bridge, Tunnel, and Turnpike Association (IBBTA) is the worldwide association for the owners and operators of toll facilities and the businesses that serve them.
[54] Exhibit A, Volume 3, Section 2.2.6.

An FTE Consultant stated in response to OCIG inquiry that end-to-end performance testing "did not execute the entire lifecycle of a transaction as expected to occur in production. Rather, transactions were either progressed incrementally, or a separate execution covered each step in processing. In other words, the performance test would have been more comprehensive had the environment been configured as was planned for production and have all the inputs executed end-to-end concurrently, as expected to occur in production."

During this review, FTE consultants[55] reported that conversations were held between FTE and Conduent about end-to-end testing, and it was eventually mutually agreed upon to not conduct performance testing concurrently.

Duration of the 200% Loads During Testing

Section 5.4.2.1 of the Master Test Plan (MTP) states that Stress and Load Testing will verify the system performance requirements specified in the ITN. The Stress and Load Testing includes performance verifications of Home and Away transaction processing, transaction reconciliation, availability of the CCSS application, IVR, self-service website/mobile application, and performance reports.

An Atkins Consultant reported[56] during an interview that FTE and Conduent disagreed on the duration of 200% load testing; FTE wanted the load durations to be longer, while Conduent wanted shorter load durations. The duration of 200% loads is important as it validates the ability that the system can maintain a 200% load for an extended period of time. Testing for a short period of time may not be an adequate test to ensure the system can meet the contractual requirements.

The Contract and MTP were silent on the requirements for the duration of the 200% load testing. An FTE consultant stated that, outside the contract, the duration times were discussed and eventually agreed upon between FTE and Conduent.

Actions Taken as a Result of CCSS Failures at Go-Live

In response to CCSS failures at Go-Live, Conduent and FDOT took actions to remediate the failures and mitigate impacts to customers. Additionally, FDOT enforced the financial terms of the contract, resulting in $10,726,530 in liquidated damages and penalties. Additionally, on July 10, 2019, FDOT reported the contract with Conduent would not be renewed after the initial seven-year term.

Although not all-inclusive, the following is a summary of significant actions taken by both parties.

Actions Taken by Conduent as a Result of the Failures at Go-Live

Contract BE087[57] required Conduent, "to take immediate action to correct failures and return CCSS to normal functionality." As a result of CCSS failures at Go-Live, Conduent reported that they reconfigured and expanded the CCSS infrastructure to enhance performance as follows:

- Added more servers supporting the mobile application, website, and SunPass Plus Airport parking to address inadequate bandwidth for CCSS;
- Extended the call center operating hours to accommodate high call volumes;
- Opened an additional call center to supplement call center staffing during periods of high call volumes; and,
- Added finance support staff to support more complex reconciliation activities.

[55] Walter Kristlibas and Ron Plantz interviews.
[56] Walter Kristlibas interview.
[57] Exhibit A, Volume 4, Section 1.1.

Actions Taken by FDOT as a Result of the Failures at Go-Live

FDOT made the following operational decisions to minimize a negative impact to customers:

- Stopped processing tolls once FTE learned customers were having duplicate charges on their payment cards;
- Allowed customer SunPass accounts to go negative;
- Limited customer payment card auto replenishments to one time per day;
- Discontinued escalating customer accounts to collection agencies;
- Discontinued customer registration stops;
- Waived fees, including, but not limited to, Non-Sufficient Funds fees, statement fees, Toll-By-Plate administrative fees, etc.; and,
- Reimbursed customers for Non-Sufficient Funds fees incurred due to multiple replenishments.

FDOT also initially suspended CCSS-related payments to Conduent on July 16, 2018, in accordance with Contract BE087.[58] This payment suspension was lifted in June 2019.

Table 7: Assessed Fees

Assessed Fee Type	Assessed Fee
Liquidated Damages	$ 780,000
Overdraft Fee Reimbursement to FDOT	$ 189,885
Service Level Agreement (SLA) Invoice Penalties (June 2018 – July 2019)	$ 9,756,645
TOTAL	**$ 10,726,530**

Source: Compiled by the Office of the Chief Inspector General

On August 14, 2018, FDOT assessed $780,000 in liquidated damages to Conduent because they did not achieve System Integration until May 30, 2018, and did not achieve Go-Live until June 11, 2018. Liquidated damages were assessed against Invoice #1526017 and payment was issued on June 26, 2019, against “Milestone A-18a – Go Live”.

FDOT charged Conduent $189,885 for the overdraft fees FDOT reimbursed its customers by reducing Conduent’s January and February 2019 invoices. In response to the payment processing and duplicate payment failures, FDOT announced in a press release on August 16, 2018, that it would waive late fees and penalties to its customers.

Conduent’s invoices for the period of June 2018 through August 2019 included self-imposed deductions for not meeting certain requirements within the SLA. Invoice amounts, SLA penalties, and SLA payment deductions are shown in Table 8.

[58] Section 2.41b, “In the event that the Department fails to receive the required reasonable assurances by the date identified in the request for assurances, the Department may suspend all payments to the Contractor.”

Table 8: Conduent's Operational Invoices Submitted to FDOT

Invoice Service Period	Total Monthly CCSS Operations Invoices	SLA Percentage Penalty	SLA Dollar Penalty	Amount Invoiced
June 11-30, 2018	$561,934.16	25%	$140,483.54	$422,460.62*
July 2018	$2,315,574.02	25%	$578,893.51	$1,736,680.51
August 2018	$2,437,007.80	25%	$609,251.95	$1,827,755.85
September 2018	$2,133,187.80	25%	$533,296.95	$1,599,890.85
October 2018	$2,165,933.44	25%	$541,483.36	$1,624,450.08
November 2018	$2,213,797.94	25%	$553,449.49	$1,660,348.45
December 2018	$2,362,311.36	25%	$590,577.84	$1,771,733.52
January 2019[59]	$4,866,428.93	25%	$1,216,607.23	$3,649,821.70
February 2019	$5,339,381.22	25%	$1,334,845.31	$4,004,535.91
March 2019	$4,968,157.41	25%	$1,242,039.35	$3,726,118.06
April 2019	$4,944,382.26	25%	$1,236,095.57	$3,708,286.69
May 2019	$4,055,457.46	15%	$608,318.62	$3,447,138.84
June 2019	$3,804,400.20	5%	$190,220.01	$3,614,180.19
July 2019	$3,878,457.50	5%	$193,922.88	$3,684,534.62
August 2019	$3,743,191.04	5%	$87,159.55	$3,556,031.49
TOTAL	**$49,789,602.54**		**$9,756,645.15**	**$40,033,967.39**
*Includes $1,010 customer goodwill payment.[60]				

Source: Compilation of Invoices from June 2018 through August 2019

ADDITIONAL OBSERVATIONS

We identified the following additional observations:

- Agency for State Technology classification of the CCSS project;
- Project management contract;
- Turnover of key personnel;
- Audits and attestations not performed as scheduled;
- Potential loss of revenue; and,
- Internal controls concerns over financial reporting – management letter.

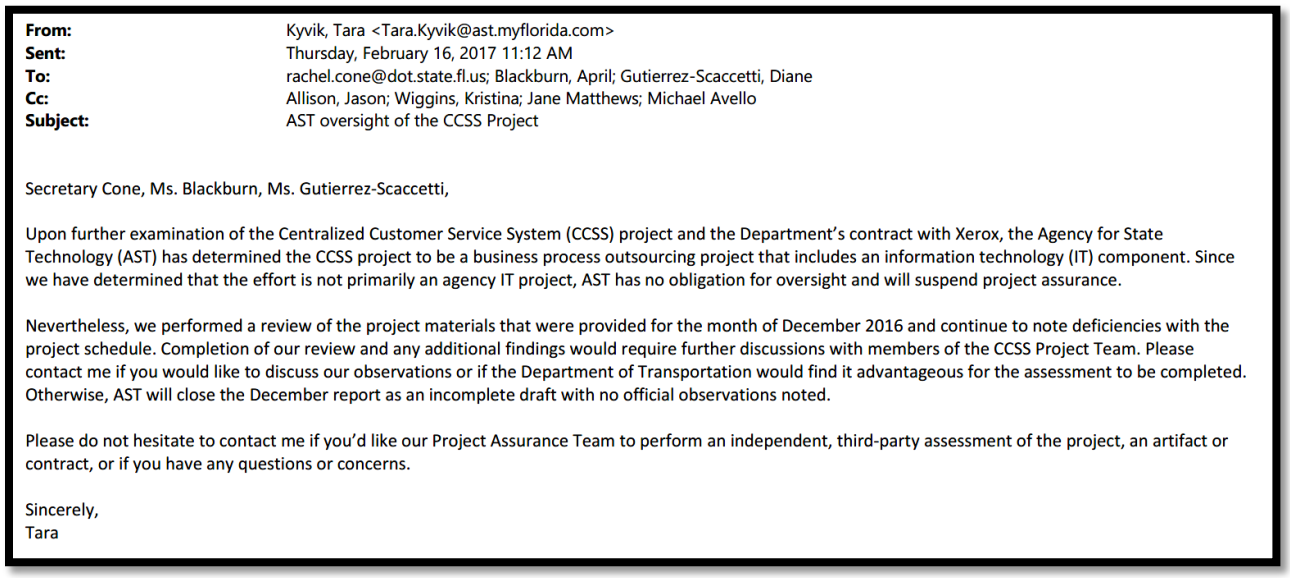
Agency for State Technology Classification of the CCSS Project

AST provided oversight for the CCSS project from April 2016 through February 2017. In February, AST determined that the CCSS was not an IT Project, the oversight requirement and all associated risk and control monitoring required by statutes ceased. See the email from AST to FDOT in Image #12.

[59] Invoices increase during and subsequent to January 2019 because Conduent began invoicing for Toll-By-Plate transactions during January 2019.

[60] The Goodwill Fund is established in accordance with Contract BE087, Exhibit C, Addendum No. 6, and is for the purpose for Conduent to use for adjustments that need to be made in a Customer's Account which cannot be related to a specific transaction, as a Goodwill gesture when a customer has suffered due to an error or other action by the Contractor. FTE's Goodwill amount is capped at $1,010, and Conduent is responsible for costs in excess of this amount.

Image 12: Email from AST to FDOT



From: Kyvik, Tara <Tara.Kyvik@ast.myflorida.com>
Sent: Thursday, February 16, 2017 11:12 AM
To: rachel.cone@dot.state.fl.us; Blackburn, April; Gutierrez-Scaccetti, Diane
Cc: Allison, Jason; Wiggins, Kristina; Jane Matthews; Michael Avello
Subject: AST oversight of the CCSS Project

Secretary Cone, Ms. Blackburn, Ms. Gutierrez-Scaccetti,

Upon further examination of the Centralized Customer Service System (CCSS) project and the Department's contract with Xerox, the Agency for State Technology (AST) has determined the CCSS project to be a business process outsourcing project that includes an information technology (IT) component. Since we have determined that the effort is not primarily an agency IT project, AST has no obligation for oversight and will suspend project assurance.

Nevertheless, we performed a review of the project materials that were provided for the month of December 2016 and continue to note deficiencies with the project schedule. Completion of our review and any additional findings would require further discussions with members of the CCSS Project Team. Please contact me if you would like to discuss our observations or if the Department of Transportation would find it advantageous for the assessment to be completed. Otherwise, AST will close the December report as an incomplete draft with no official observations noted.

Please do not hesitate to contact me if you'd like our Project Assurance Team to perform an independent, third-party assessment of the project, an artifact or contract, or if you have any questions or concerns.

Sincerely,
Tara

Source: Email from AST to FDOT

Section 282.0051(4), F.S., (since amended) required the Agency for State Technology (AST)[61] to perform project oversight on all information technology projects that have a total project cost of $10 million or more. Additionally, Rule 74-1, Florida Administrative Code (F.A.C.) (since transferred), required AST to perform a Risk and Complexity Assessment for Information Technology projects to evaluate the risk and complexity factors to determine the minimum level of project management and control necessary to manage a project to reduce the risk and increase the likelihood of success.

The impact of AST not providing oversight for the full duration of the CCSS project is unknown. However, based on the documentation provided, AST noted the following issues concerning CCSS during the period AST provided oversight:

- Deficiencies with project schedule management;
- Deficiencies with cost management;
- The primary project manager was not a Certified Project Management Professional; and,
- No Independent Validation and Verification (IV&V) was performed or required.[62]

AST's final analysis of the CCSS project schedule from December 2016 continued to indicate a negative performance trend, with a predicted project end date of May 3, 2018, or beyond in a worst-case scenario.[63]

While FTE subsequently added a Certified Project Management Professional (PMP), Tim Garrett, an HNTB Consultant, to the CCSS project based upon AST's recommendations, the assigned PMP was only involved in the oversight of this project from the development of the procurement documents until the Notice to Proceed was executed. Thereafter, FTE assigned Atkins Consultants to serve in the project management function, none of which held a PMP designation. In September 2018, FTE's Executive Director, Paul Wai, requested Tim Garrett to recommence as the project director for the CCSS.

[61] As of July 1, 2019, AST was transferred to the Department of Management Services and reorganized into the Division of State Technology (HB5301).
[62] IV&V is recommended by AST for projects with risk rankings of 3 or 4; the CCSS project was ranked as a 2.
[63] Based on the AST December 2016 Key Performance Indicator Dashboard for the CCSS project.

Additionally, while an IV&V was not a required component for the CCSS project, having one may have mitigated several factors attributing to the failure at Go-Live. Common findings provided by IV&V for similar projects may include items such as lack of communication within the project between different operating groups, stakeholder involvement in system requirements and business practices, deficiencies in project management plan, costing plan, and staffing plans, proper mitigation planning, and following defined processes.

Project Management Contract
Since the onset of the CCSS project, multiple consulting firms contributed to this project, including Atkins North America, HNTB, Kyra Solutions, AECOM, One Tech Place, and GDKN. Consultants from these firms functioned in roles including, but not limited to, Project Directors, Procurement Project Managers, Senior Advisors, Business Consultants, Security Risk and Compliance Officers, Tolls Program Managers, Senior Architects, Systems Architects, and Senior Toll Systems Project Managers for Data Migration.

FTE heavily relied on the use of Atkins consultants for the project development, management, oversight, and implementation of CCSS. Atkins was tasked through a Standard Professional Services Agreement to "manage, direct and coordinate major toll collection contracts including new toll system acquisition, testing and implementation."[64]

The OCIG noted the contract contained a broad and generic scope of services concerning General Engineering Consultant for Production and Toll Operations outlining performance requirements. However, there was no specific documentation detailing responsibilities and deliverables for CCSS project management.

Turnover of Key Personnel
There were several instances of key personnel turnover prior to CCSS Go-Live, and additional changes after Go-Live. The full impact this turnover had on the CCSS project is unknown.

Florida's Turnpike Enterprise
The Executive Director of Florida's Turnpike Enterprise, Diane Gutierrez-Scaccetti, left FTE in November 2017 and is now a Commissioner for the New Jersey Department of Transportation.[65] Paul Wai served as the FTE Executive Director from February 2018 through August 2019. Nicola Liquori now serves as the Executive Director for Florida's Turnpike Enterprise.

Atkins North America (FTE Consultant)
Jack Henneman was the Project Director for the CCSS project. He left Atkins in April 2018, and is now employed as the Mid-Atlantic Managing Director for Transcore.[66] Upon Henneman's departure from Atkins, John McCarey was appointed as the Project Director for the CCSS project. McCarey left Atkins in October 2018. Upon McCarey's departure, Walter Kristlibas continued to provide oversight of the CCSS project; however, while he is still employed with Atkins, he is no longer serving in any capacity for this project.

Conduent
Turnover among key CCSS financial positions also occurred within Conduent. The person who was originally tasked to be the Finance Director never began work in this role. Since the execution of Contract BE087, Conduent has had turnover three times within this position alone and is currently in the process of hiring the fifth CCSS Finance Director since executing the CCSS Contract. The turnover of the Finance Director position appears to have directly contributed to the

[64] Contract C-9A92, Exhibit A, Section IV, G(1)(a).
[65] Prior experience of 20+ years with the New Jersey Turnpike Authority.
[66] Transcore, LP, is listed as one of four subcontractors for Conduent.

lack of action taken to address concerns brought up by FTE relating to the functionality of the financial reporting and reconciliation requirements of the CCSS back office.

FTE reported during interviews that in response to turnover of the finance personnel within Conduent, FTE staff have been offering guidance as needed to assure the financial systems and functionalities impacting operations are not negatively impacted.

Audits and Attestations Not Performed as Scheduled

Conduent did not meet its contractual obligation to timely deliver the required audits for the timeframes specified in the contract in the following ways:

- has not yet obtained an independent review by its CPA, Ernst & Young, of internal controls which may have an impact on end user financial statements (known as a System and Organization Control (SOC) 1, Type II audit).
- shifted the applicable time frame for the SOC 1, Type II report forward from the contractually required dates, and,
- reduced the contractually required 6-month SOC 1, Type II reporting period to a period of only three months.

SOC 1, Type II Audit

Contract BE087[67] requires Conduent to engage an independent auditor to perform a SSAE[68]-16,[69] Type II Audit (also referred to as a SOC 1, Type II) to cover the operations of CCSS and provide the resulting report to the Agencies.

According to the CCSS Contract,[70] the initial SOC 1, Type II audit was to cover a six-month period after the CCSS Go-Live date of June 11, 2018, and was due 90 days after the period under audit ends. An audit for this period has not been received by FTE.

Conduent was unable to deliver the six-month SOC 1, Type II audit for the required period, but reported to FTE that they would provide a report for a three-month period of May 2019 through July 2019. FTE anticipates receiving this completed SOC 1, Type II report on or before October 31, 2019.[71]

A change in the scope of the audit coverage period is a violation of the contract terms. FTE reported that this change in scope of the audit coverage periods has not been approved by FDOT or FTE.

Payment Card Industry Data Security Standards (PCI DSS) Attestation

Contract BE087[72] requires Conduent to engage the "services of an independent certified Qualified Security Assessor to perform the Certification of the CCSS to PCI DSS Level 1 to the current version of the standard once every year." The purpose of a PCI attestation is to provide assurance that merchants and businesses who are in possession of customer's credit card information are properly and securely handling this information.

Conduent contracted with Experis, a brand of Manpower Group Corporation, to perform its PCI attestation. The contract with Experis was executed on January 19, 2019.

[67] Section 6.5 of Exhibit A, Volume 3.
[68] Statement on Standards for Attestation Engagements.
[69] Per American Institute of Certified Public Accountants (AICPA) SSAE-18 is now required.
[70] Amendment 10.
[71] The OCIG confirmed that Conduent submitted their SOC I, Type II Audit Report to FTE on October 22, 2019.
[72] Exhibit A, Volume 3, Section 6.6, Certification of PCI DSS Compliance.

FTE reported that Conduent did not have in place the minimal outlined PCI requirements needed to successfully pass the audit. As a result, we noted that the dates for the PCI assessment had to be extended by FTE at the request of Experis, because functions within the system were not turned on or properly functioning to have a full, uninterrupted period of PCI testing. However, the OCIG did not independently evaluate potential violations to PCI standards during this review.

Experis delivered the PCI DSS on July 3, 3019, and FTE delivered this report to Bank of America, the merchant services provider, on July 4, 2019. FTE received confirmation from Bank of America on July 12, 2019, that the PCI DSS was accepted and confirmed to be in PCI compliance.

Potential Loss of Revenue

As of July 31, 2019, approximately $184 million in tolls were owed by SunPass and Toll-By-Plate customers for transactions during the period June 11, 2018, when the new back office system went live, through May 31, 2019, when normal business rules for toll escalation were re-established. Of this amount, $129 million is attributed to FTE transactions and $55 million attributed to external partner agency transactions. The uncollected revenue is partially attributable to Conduent being unable to properly reconcile, post, and mail correct invoices to SunPass customers after Go-Live.

At this time, the full financial impact of potential revenue loss is unknown, and likely will not be known for several months as collection efforts progress on the outstanding receivables.

Internal Control Concerns over Financial Reporting – Management Letter

Each year and as required per Section 5.11 of its bond covenants, FTE has a comprehensive annual financial statement audit. In Fiscal Year 2018, this audit was performed by RSM, the financial statement auditor. The period of this audit was for July 1, 2017, through June 30, 2018, but only included 20 days of functionality under the newly implemented CCSS. As such, being aware of the failures at Go-Live and the continued challenges with internal control weaknesses, RSM issued a Management Letter to FTE on December 7, 2018, communicating concerns over the internal controls of the functionality of the newly implemented CCSS.

FTE reported they are working with Conduent to take corrective actions addressing preliminary concerns notated in the Management Letter issued by RSM. The primary issues noted by RSM in December 2018, include items such as:

- Financial and IT Controls are not formalized;
- Controls relating to producing financial reports and reconciliations are not timely completed;
- There is a high reliance on manual reconciliations, as opposed to being automated;
- Variances are not consistently resolved in a timely manner; and,
- An independent auditor's assessment covering controls of the financial applications had not been planned as of December 2018.

Recommendations

Based on the results of this review and the observations made, we recommend the Secretary of FDOT consider the following for future projects of this nature, size, or scope:

1. Appoint one centralized project director who is employed by and accountable to a senior level manager within FDOT to provide robust project oversight. If contracting with a consulting firm for project oversight, require the consulting firm to ensure:
   - The department retains final written approval of system-related functions;
   - The department has access to all project related data and communications; and,

- A specific project charter (or similar document) with deliverables is approved that outlines roles, responsibilities, and accountability for tasks.

2. Consider segregating future contracts into multiple unique contracts pertaining to specific needs and requirements. For example, have unique contracts for: system buildout, system operations/maintenance, and back office operations.

3. Ensure new contracts require:
   - Final approvals for all project phases be approved by a department representative, formalized in writing, and included in the contract management file;
   - Documentation as to the justification of extensions of deadlines and timeframes;
   - FDOT have immediate, independent, and unrestricted access to all infrastructure monitoring systems, and not solely rely on the contracted vendor to provide insight to what is occurring within the system;
   - Adherence to public records requirements and ensure this requirement is contractually applied to all sub-contractors in the contracts;
   - A written recovery plan is in place should the system not function as intended at Go-Live, and that this recovery plan is tested in advance of Go-Live;
   - Consideration to conducting a “soft roll out” and/or running the “legacy” system in parallel with the new system; and,
   - Detailed Scopes of Service when outsourcing project management functions, including specific documentation detailing responsibilities and deliverables for project management of this size and scope.

4. Ensure the finance team is included at critical decision-making junctures, including testing of financial controls prior to signoff.

5. Obtain Independent Verification and Validation (IV&V) services to provide subject matter expertise including specific project guidance and independent reviews of the entire system, testing plans, and testing results. The department, jointly with the IV&V vendor, should create and finalize all testing plan requirements and approvals.

6. Include more specificity in the Contract and Master Test Plan for projects of this nature, size, or scope, to address areas including, but not limited to, a thorough description of definitions, testing procedures, resolution of discrepancies, and testing durations.

7. Ensure future pre-Go-Live communication strategies more strongly relay the potential impact that a new system may have on the users of the system.

8. Verify future settlements comply with applicable law in that any intellectual property received as a result of settlements is identified, valued, and properly recorded.

We also recommend the Secretary of FDOT consider the following:

9. Review and evaluate the SOC 1, Type II report and Payment Card Industry (PCI) Attestation of Compliance to determine if these, once provided, comply with the intent of the contract. We also recommend FDOT act according to the terms and conditions of Contract BE087, if the provided audits do not meet the requirements and intent of Contract BE087. We also recommend that failure to conduct audits within established terms have a specific penalty within the contract.

10. Continue collection procedures to verify and recoup unpaid tolls. We also recommend FDOT review and evaluate the potential revenue loss to FDOT and act according to the chargeable failures terms and conditions of Contact BE087.

Responses Received

1. Atkins Global
2. Conduent
3. Florida Department of Transportation

Statement of Accordance

This review was conducted in accordance with applicable Principles and Standards for Offices of Inspectors General as published by the Association of Inspectors General.

Please address all inquiries regarding this report to the Office of the Chief Inspector General at (850) 717-9264.

From: CIG_notice@eog.myflorida.com
To: Robinson, Heather
Subject: FW: CIG Number #A-18/19-003
Date: Thursday, October 24, 2019 4:28:09 PM

From: Edgar, C Ernest <ernie.edgar@atkinsglobal.com>
Sent: Thursday, October 24, 2019 3:14 PM
To: CIG_notice@eog.myflorida.com
Subject: CIG Number #A-18/19-003

Ms. Case,

Thank you again for taking my call this afternoon and for providing Atkins a draft copy of your office's report regarding the SunPass Centralized Customer Service System. Atkins appreciates the opportunity to review the draft report and provide any comments as appropriate. We have now reviewed the draft report and have no comments to submit. Best regards,

Ernie Edgar
General Counsel
North America
Engineering, Design and Project Management
Tel: +1 (813) 281-3626 Mob: +1 (813) 340-6606

Atkins, member of the SNC-Lavalin Group
4030 W. Boy Scout Boulevard, Suite 700, Tampa, FL 33607

CONDUENT

David Schnell
Senior Director
9405 W. Colonial Dr.
Ocoee, FL 34761

VIA ELECTRONIC MAIL

November 18, 2019

Melinda M. Miguel
Chief Inspector General
State of Florida
Office of the Chief Inspector General
Executive Office of the Governor
Suite 1902, The Capitol
Tallahassee, FL 32399

RE: Review of SunPass Centralized Customer Service System CIG Number: #A-18/19-003

Dear Melinda M. Miguel:

Thank you for the opportunity to present our observations related to the preliminary findings for the SunPass Centralized Customer Service System (CCSS) implementation report. We appreciate the thorough and professional manner in which your team conducted the review.

I. Summary

The SunPass Go Live in June 2018 involved transitioning two legacy systems to a completely new, highly complex system that was always expected, by all parties, to lead to a backlog in transactions that was depicted in the SunPass program work-off plan.

Since June 2018, Conduent has processed more than 1.5 billion SunPass transactions and more than 500 million Toll-by-Plate transactions. The website and mobile app are now performing exceptionally well with over 400 million page views. For the past five months, the average wait time for customers contacting the service center has been under 40 seconds. Over the past 12 months, the only period during which the average wait time was longer than normal was early in 2019, when over 9 million Toll-by-Plate invoices were mailed in a short period of time.

Conduent remains committed to the success of the SunPass program, working alongside our Agency partners in a spirit of collaboration to provide Floridians with the excellent service and support they expect and deserve. Our dedication goes beyond contractual requirements, and beyond expenditure of corporate resources. We commit to sustaining a synergy with our partners that is measurable in terms of performance, and consistently garners the highest level of confidence and approval by the driving public.

II. Overview

As discussed in the report, SunPass is a complex, multi-agency program ultimately combining, for the first time, three independent and disparate State toll operations into a single unified program under one set of business rules. The detailed design phase of the implementation period leading up to Go Live in June 2018 was a collaborative effort with the Agencies that spanned several years. In a number of cases, prior to Go Live, modifications were made to the original set of requirements driven by the Agencies' re-evaluation of the original requirements or advancements in technological capabilities. Conduent supported these changes in the interest of delivering a superior back office system that met the current needs of the Agencies and the customer base.

The system was brought online as planned, however, we experienced issues with three customer-facing components of the CCSS: the website, mobile app, and Interactive Voice Response (IVR) availability (driven by voice line saturation). We worked immediately to address these issues and regret any inconvenience they may have caused SunPass customers. Company-wide teams and third-party experts were assembled on-site representing multiple disciplines including website and mobile app engineers. We reconfigured and expanded system infrastructure to enhance performance as we tuned existing application processes to increase throughput to support increased volumes. Finally, we extended call center operating hours to accommodate customers, and stood up a third call center to supplement staffing during periods of high call volume.

A major contributing factor to the delay in achieving steady state was that the SunPass program experienced much higher transaction volumes than anticipated in the contract. In coordination with the Agencies, we mobilized corporate-wide resources to immediately address the challenges presented by the increased volume. It was widely reported that the system experienced a backlog in transactions. A certain level of backlog was anticipated by the Agencies and Conduent as provided in the work-off plan. However, the actual size of the backlog, due to the high transaction volume, exceeded the planned backlog by a substantial margin. We nonetheless eliminated the backlog by August 13, 2018, which was the same time period contemplated in the original plan.

Significant program improvements have since been made, and as a result, the SunPass website, mobile app, and IVR are all now operating to specifications. Toll postings and invoice mailings are current and accurate. The SunPass system has been stable for a significant period of time and now operates at levels far exceeding contract requirements.

Also, the level of customer service now provided, whether by phone or emailed service requests, meets or exceeds industry standards. Improvements since Go Live include:

- Added functionality for SunPass's new website and mobile app, enabling quicker and more efficient personal account management and payment processing
- Improved call center service with no customer wait time most periods of the day

- Consistently positive feedback from SunPass users and the driving public as evidenced in customer surveys
- Added Virtual Hold capability so that during high call volumes, customers can be called back without losing their place in the queue
- Added automatic invoice payment option for Toll-by-Plate customers
- Added ability for customers to submit service requests online, via the SunPass website, 24 hours a day, seven days a week
- Added automated self-service feature on the website, permitting the conversion, merging and linking of customer accounts
- Added walk-in customer service centers to enhance convenience in Ocoee, Tampa, and Doral
- New user-friendly look of statements that are now available online for 36 months

III. As to the specific preliminary findings in your review, we respectfully add the following:

(1) SunPass Website, Mobile App, and IVR

At Go Live, issues were experienced with the website, mobile app, and IVR systems that impacted the public. Inconsistent availability of the website and mobile app led to saturation of phone lines inconveniencing customers. Conduent immediately invested substantial resources to resolve all of these issues. Today, the SunPass system is stable and currently operating at levels far exceeding contract requirements.

The website and mobile app are now widely used by customers with over 400 million page views. For the past five months, the average wait time for customers contacting the service center has been under 40 seconds. Over the past 12 months, the only period where the average wait time was longer was early in 2019, when over 9 million Toll-by-Plate invoices were mailed in a short period of time.

(2) SOC 1, Type II Audit

Regarding the cited delay of the SOC 1 Audit, the technical issues encountered by CCSS immediately following Go Live made it impractical to initiate the audit period as planned. A lengthy stabilization period was required to ensure effective financial controls were in place. The Agencies were kept well informed of the progress being made by Conduent through weekly project status meetings, and any audit schedule shifts were discussed with the Agencies and acknowledged by them.

On January 17, 2019, based on the progress of Toll-by-Plate invoicing, which the Agencies had finally authorized, Conduent sent an email to FTE requesting to "formally conduct our SOC 1 audit from April 1 – Jun. 30, 2019." FTE acknowledged Conduent's email one week later on Jan. 24, 2019, but did not respond at that time to Conduent's request or suggest any alternative course of action. However, in subsequent meetings and conference calls, FTE likewise acknowledged the decision to reduce the length of the audit to three months in order to accommodate its strong desire to receive

the results for its internal financial needs by Oct. 31, 2019. Based on these open, active, and collaborative efforts, the SOC-1 schedule shifted to accommodate FTE's desired date.

The results of the SOC-1, Type II Audit were released by Ernst & Young on October 22, 2019, and the Agencies were immediately furnished a copy within the time period it had requested.

(3) Payment Card Industry Data Security Standards (PCI DSS) Attestation

PCI standards mandate that any system be operating in a stable, unchanging environment before initiating assessment activity. An environment is required to be without substantial changes in order for the inventory and environment to be properly evaluated against specific security controls that are being assessed. In addition, accurate evidence needs to be collected for the QSA to be evaluated (e.g., change management, logging, vulnerability scans, etc.) which can't be obtained during a period of substantial changes. Conduent notified FTE that this was a PCI prerequisite contrary to the ITN requirement.

Issues related to the SunPass website and mobile app drove the need for system modifications, preventing the system from settling into the stability required for a PCI audit. As of August of 2018, these self-service portals had stabilized. Customer invoicing, however, had not started, representing a significant functionality deployment that needed the same stabilization period. Approval to begin this process was not received until early in January of 2019. Conduent did, in fact, notify FTE that an extension was necessary as a result of a self-assessment and on the advice of our trusted advisor, Experis.

Although the ITN requires that a PCI audit be conducted annually, Feb. 2019 was the earliest Conduent could commence the PCI audit for all practical purposes per PCI guidelines. It should also be noted that during this period, FTE, as the merchant of record, continued to debate internally over the "construct" of the audit and who should sign it. This uncertainty made completion of the responsibility matrices regarding the overall system difficult. Responsibility matrices are a necessary perquisite for a Qualified Security Assessor (QSA) to conduct a PCI audit. Given that the audit only became practicable in Feb. of 2019, Conduent achieved certification on our first attempt in just four months. Conduent did in fact receive PCI Attestation on June 26, 2019, with a finding of "Compliant." No exceptions were identified, nor were any compensating controls required to be implemented by Conduent to overcome findings.

(4) Toll Transaction Backlog

SunPass Customers & Communications. Prior to Go Live in June 2018, it was understood by all SunPass partners that there would be a significant toll transaction backlog during the cutover to the new system. The work-off plan agreed to by the parties contemplated a peak backlog of approximately 82 million toll transactions to be cleared by August 13, 2018. Despite the additional 100 million toll transactions, Conduent cleared the backlog by the August 13, 2018 deadline.

Although the SunPass system was designed to handle increased volume in anticipation of unexpected backlogs and/or growth, Conduent routinely specified that, in the absence of any other data, the contractual volumes specified in the contract were being used as the volume baseline to conduct load and capacity testing during the implementation phase. That metric was not disputed nor were more current volumes provided to establish a new baseline.

We also inherited a toll transaction backlog during the cutover to the new system. The majority of lane interfaces were disabled by the State agencies at the end of May 2018 in anticipation of this upcoming data migration and system cutover/deployment. In some cases, however, this was four to five days earlier than expected and ultimately created a total backlog of at least 11 days of State-wide tolling activity — almost doubling the anticipated backlog. At approximately five million transactions per day, a minimum transition of just six days would result in an obvious need to clear the accumulated transactions that continued to be collected during that period. This was only exacerbated by extending that six-day period.

The implementation of any new enterprise system requires deliberate and controlled management of critical processing modules. For SunPass, toll posting to customer accounts is one of the most critical activities. As a result, the work-off plan included a period of gradual processing of transactions to allow for validation review.

During this toll transaction work-off period, and despite Conduent's recommendation, the Agencies did not communicate to the public that a transaction posting delay could be expected. Prior to cutover to SunPass (which necessitated the unavailability of all customer services for a period of six days), the customer-facing messaging indicated a prolonged system maintenance period rather than a significant system transition.

Public outreach is the responsibility of the Florida's Turnpike Enterprise (FTE) and two other agencies and consultants ("the Agencies"). As a lesson learned, providing more detailed information to the public as to the complexity of the transition would have been beneficial. The outbound customer communications provided no information to customers regarding anticipated delays in processing both SunPass transactions and Toll-by-Plate invoices. This led to a perception by the public of a transition that did not include a catch-up period to process these transactions and the expected delays that would impact SunPass and Toll-by-Plate accounts.

Toll-by-Plate Customers. The Agencies made the unilateral decision to delay the invoicing of Toll-by-Plate customers until January 2019, even though the CCSS was prepared to commence invoicing for all transactions, including Toll-by-Plate transactions, by early September 2018. This delay created a significant backlog in the volume of post-paid tolls. When finally authorized to commence invoicing in early January 2019, Conduent processed an unprecedented 9 million Toll-by-Plate invoices in a 10-week period.

Maximizing Unpaid Toll Collections. The SunPass contractual business rules contain clear and distinct provisions for the collection of unpaid tolls. Conduent was directed not to perform the necessary steps to recoup past due balances owed by SunPass or Toll-by-Plate customers. These steps include proceeding with moving an account to collections after multiple invoices have been mailed and all reasonable efforts have been exerted to collect the revenue owed. Likewise, SunPass business rules contain a provision for placing a registration stop at the DMV for customers failing to pay tolls incurred — another process Conduent has been instructed to postpone.

Sixteen months after Go Live and six months after system stabilization, Conduent has not been permitted to commence the contractual business process for collection of unpaid tolls. The one exception is the Tampa Hillsborough Expressway Authority (THEA), which did direct Conduent in early 2019 to submit THEA's past due, unpaid tolls to them so they could escalate to collections, as originally designed under the SunPass program. THEA is actively collecting unpaid toll amounts through collections as designed by CCSS business rules.

Thank you again for the opportunity to present our observations.

Sincerely,

David A. Schnell

FDOT

Florida Department of Transportation

RON DESANTIS
GOVERNOR

605 Suwannee Street
Tallahassee, FL 32399-0450

KEVIN J. THIBAULT, P.E.
SECRETARY

November 18, 2019

Ms. Melinda Miguel
Executive Office of the Governor
Office of the Chief Inspector General
Suite 1902
Tallahassee, Florida 32399-1100

RE: Centralized Customer Service System

VIA HAND DELIVERY

Dear Ms. Miguel:

Thank you for the efforts of the Chief Inspector General's Office in reviewing the issues surrounding the 2018 Go-Live of the SunPass Centralized Customer Service System (CCSS). I would like to reemphasize that the Department has two priorities concerning the CCSS. The first is to provide a reliable SunPass system to travelers in Florida. The Department is committed to doing everything it can to ensure issues with the system are thoroughly and timely addressed and we remain committed to holding the contractor responsible for its performance deficiencies. The second is to ensure the Department addresses issues concerning the system in a fully transparent manner. We appreciate your understanding that the Department's response to the issues that arose prior to Go-Live are based on the record we had available.

The Department particularly appreciates the recommendations your office provided. Since January, the Department has taken steps to address many of the report's recommendations.

- Customer service has been the top priority, call wait times have been reduced from more than 45 minutes to less than 40 seconds in September 2019.
- The Department is working diligently to ensure the current vendor is held accountable. To date, the Department has assessed nearly $11 million of liquidated damages.
- The Department has formally decided to not exercise the seven-year renewal option with the current vendor.

The Department is in the beginning stages of pursuing a replacement for the CCSS and has recently published a formal Request for Information, soliciting industry ideas for an improved replacement system. In the upcoming year the Department will assemble a cross-functional team, consisting of Department employees and expressway authority staff, to continue evaluation of the current system and develop an approach for a new back-office system. This team will ensure

that decision-making, oversight and accountability reside within the Department and is not outsourced to consultants or contractors. The project team will report directly to the Executive Director of the Turnpike Enterprise.

Consistent with your office's recommendations, the Department may be able to obtain standardized products such as financial reporting systems, website and interactive voice recognition (IVR) systems which should require little to no customization.

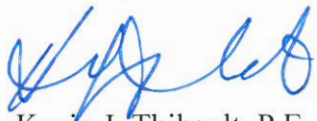
The Department also plans to implement a replacement back-office system in a manner that allows completed testing and parallel operations for a period of six months prior to the conclusion of the current contract, with the goal of ensuring seamless system migration.

The Department is committed to ensuring the failures at implementation of the current system do not recur. The new Turnpike Executive Director, Nicola Liquori, has been with the Department for 13 years and previously served as the Turnpike's Deputy Executive Director and Chief Financial Officer. Ms. Liquori, a certified public accountant, has emphasized that the financial control aspects and customer service components of the replacement system will be prioritized.

The Department will also continue to do all things within its authority to ensure the current vendor's performance is in accordance with the terms of the existing contract and hold it accountable for its deficiencies.

The Department will continue to provide all information you request and answer any questions you may have concerning the implementation of the CCSS. Again, thank you for your office's efforts to analyze the problems that occurred in 2018. The Department is absolutely committed to providing our citizens and toll facility customers a tolling system they deserve which is a system that operates in an efficient and accountable manner.

Sincerely,



Kevin J. Thibault, P.E.
Secretary

Statement of Accordance

This review was conducted in accordance with applicable Principles and Standards for Offices of Inspectors General as published by the Association of Inspectors General.

Please address all inquiries regarding this report to the Office of the Chief Inspector General at (850) 717-9264.