

February 15, 2013

Dr. Aldona Wos, Secretary  
Office of the Secretary  
North Carolina Department of Health and Human Services  
2001 Mail Service Center  
Raleigh, North Carolina 27699-2001

Dr. Wos,

Attached is the initial Medicaid Management Information System (MMIS) Program Risk Report. Primary focus for my assessment of the MMIS program was placed on processes associated with the remaining phases of the initiative. Substantial assessment was not performed on earlier phases (e.g., business requirements and solution design). Conclusions are derived from information obtained as of the date of this report from interview, review of project documentation and observation. I have also summarized plans developed in conjunction with your management team and the MMIS Program Office to mitigate all High or Moderate risks to the successful implementation of MMIS within reasonable budget, time and quality parameters.

Please let me know if you have any questions.

Regards,

A handwritten signature in black ink that reads "Susan D. Young". The signature is written in a cursive, flowing style.

Susan D. Young, CISA  
Independent Risk Management Advisor

## MMIS Program Risk Report as of 2/15/13

### Executive Summary

Based on controls in place for the MMIS program and related projects, system implementation efforts are expected to be completed on time and within the current budget. However, there are significant risks to the successful adoption and use of the new system related to the organizational and business process aspects of the transition. In addition, compressed testing timelines and planned system changes being applied to the system after the primary User Acceptance Testing window increase the risk of unanticipated results and the potential for negative customer experience.

To ensure the best customer experience for providers and division users, significant focus is needed in the areas of communication and organizational change enablement, including training, business procedure development, and readiness assessments.

Processes Reviewed	Risk Level	Mitigation Plan / Status
<b>Program/Project Management</b>		
Program/Project Framework	Low	
Stakeholder Engagement	High	A supplementary communication approach has been developed and a resource allocated to integrate the specific plans into overall program and management routines.
Program Planning, Execution and Monitoring	Moderate	The MMIS Program has now been aligned under the DHHS CIO, and availability of critical resources has been secured.
Project Planning and Execution	Low	
Program Risk, Quality, Performance Management	Low	
<b>Performance Management</b> Vendor Contract / SLA	Low	
<b>Organizational Change Enablement</b>	High	An external consultant will be engaged to drive out development of Division business processes and facilitate additional preparations for user testing and transition.
<b>Change Management</b>	Moderate	A hard freeze has been placed on further changes to the legacy and new systems. A team has been formed to identify gaps and define interim processes.
<b>Testing and Implementation</b>		
Overall Implementation Strategy	Moderate	Resources will be reallocated to support deployment planning efforts and bring focus to the most significant levers for success of the initiative.
Test Planning and Execution	Moderate	Critical resources to support testing cycles have been secured. Additional business process activities will make user testing and readiness assessments more effective.
Conversion	Low	

NOTE: ISACA's COBIT5 Build, Acquire and Implement (BAI) Processes for Governance of Enterprise IT were used as a basis for the review. Requirements Definition, Solution Design, and Performance Management - Monitoring were not reviewed.