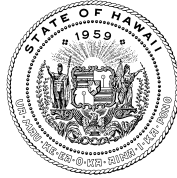**JOSH GREEN, M.D.**
GOVERNOR
KE KIA'ĀINA

KEITH A. REGAN
COMPTROLLER
KA LUNA HO'OMALU HANA LAULĀ

CHRISTINE M. SAKUDA
CHIEF INFORMATION OFFICER
LUNA 'ENEHANA

STATE OF HAWAI'I | *KA MOKU'ĀINA O HAWAI'I*
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES | *KA 'OIHANA LOIHELU A LAWELAWE LAULĀ*

OFFICE OF ENTERPRISE TECHNOLOGY SERVICES | *KE'ENA HO'OLANA 'ENEHANA*

P.O. BOX 119, HONOLULU, HAWAII 96810-0119

September 4, 2025

The Honorable Ronald D. Kouchi
President of the Senate
and Members of the Senate
Thirty-Third State Legislature
State Capitol, Room 409
Honolulu, Hawai'i 96813

The Honorable Nadine K. Nakamura
Speaker and Members of the
House of Representatives
Thirty-Third State Legislature
State Capitol, Room 431
Honolulu, Hawai'i 96813

Aloha Senate President Kouchi, Speaker Nakamura, and Members of the Legislature:

Pursuant to HRS section 27-43.6, which requires the Chief Information Officer to submit applicable independent verification and validation (IV&V) reports to the Legislature within 10 days of receiving the report, please find attached the report the Office of Enterprise Technology Services received for the State of Hawai'i, Department of Labor and Industrial Relations (DLIR) Hawai'i Unemployment Insurance Modernization (Hui Huaka'i) Project

In accordance with HRS section 93-16, this report may be viewed electronically at http://ets.hawaii.gov (see "Reports").

Sincerely,

Christine M. Sakuda
Chief Information Officer
State of Hawai'i

Attachments (2)

HUI Huaka'i Project

Department of Labor and Industrial Relations (DLIR)

IV&V Monthly Status Report – **[Final]**

For Reporting Period: **[July]**

Draft Submitted: August 5, 2025

Final Submitted: August 27, 2025

PUBLIC CONSULTING GROUP

Solutions that Matter

Overview

- Executive Summary
- IV&V Findings and Recommendations
- Appendices
    - A – IV&V Criticality Ratings
    - B – IV&V Standard Inputs
    - C – IV&V Details

Executive Summary

Executive Summary

The HUI Huaka'i Project is classified as low risk with a Green status.

There was one retired finding in July.

During July, the Hawaii DLIR UI team concentrated on the design and development of the claimant portal. Progress has been steady and is regularly demonstrated in project meetings. A new project health reporting tool was also introduced, offering improvements over the previous version and providing clearer insights.

IV&V observed a positive trend, with the project completing more user stories than it has added. This has improved throughput and slowed backlog growth. If this trend holds and the backlog stabilizes, the project remains on track for its scheduled completion date. Consequently, Scope and Schedule Management has been upgraded from Yellow to Green status.

Although Requirements and Design sessions are advancing well, IV&V continues to note concerns regarding incomplete linkages between requirements, user stories, and test cases, which could affect traceability. In line with IEEE and PMBOK best practices, maintaining bidirectional traceability between requirements and implementation artifacts is essential for full validation and to minimize the risk of unmet business needs.

The Hawaii DLIR UI PMO continued its efforts to promote the project's strategic goals to the UI team. July's featured goal was "Improve Employee Experience," and related materials were displayed throughout UI offices, including those on neighboring islands.

Currently, the project has three (3) open preliminary concerns and one (1) open risk.

Executive Summary Dashboard

Overall Rating
As of July 31, 2025

G

The project is currently in a green status.

Total IV&V Findings - 34
Open – 4
Closed – 28
Watch – 1
Open Recommendations – 11
Closed this Month – 1
Opened this Month - 0

Project Budget

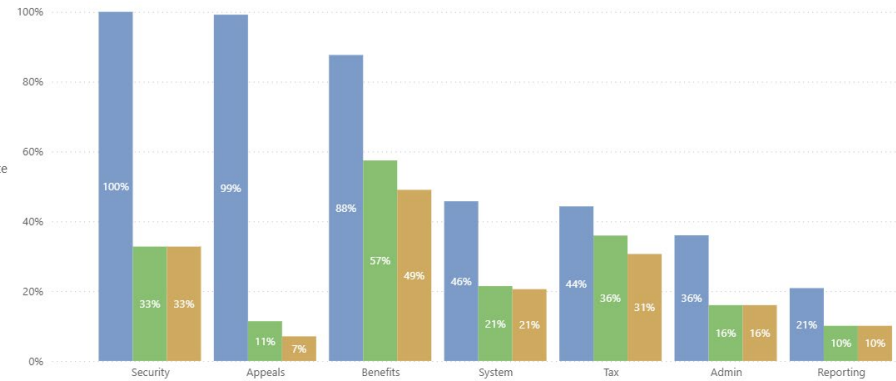$28,086,228.60

$18,413,771.40

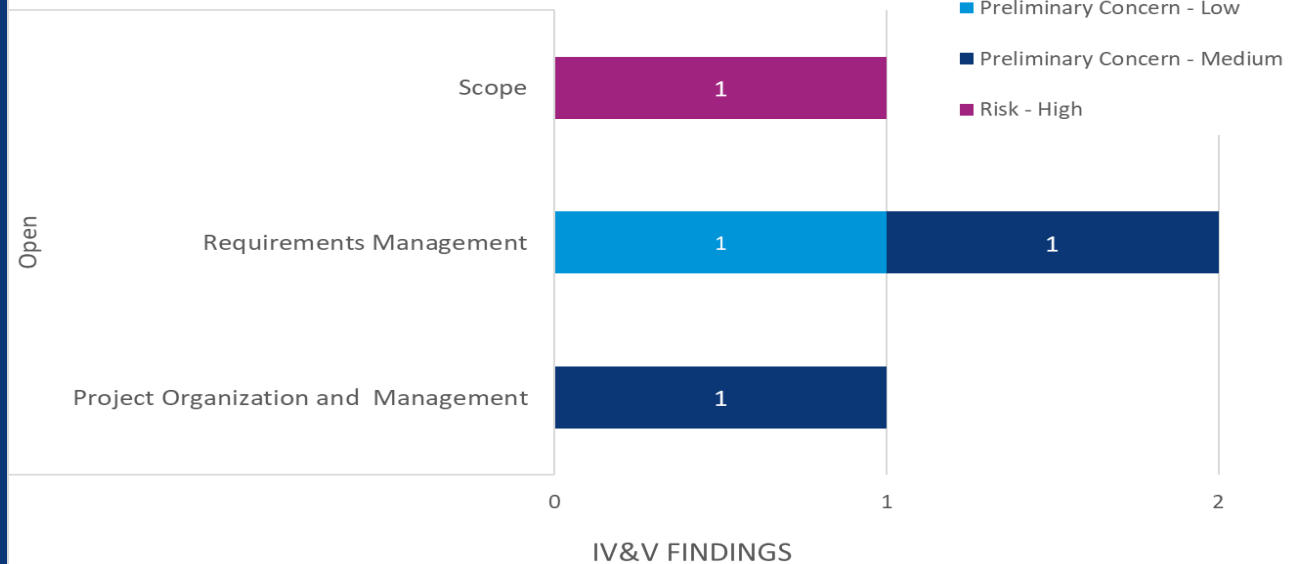■ Expenditure   ■ Remaining

% OF THE RTM DEVELOPED AND RELEASED TO SANDBOX

30%

* As reported through the Project Status Report.

Status by Area

Legend
● Requirements Complete
● Development
● Released

Security: 100%, 33%, 33%
Appeals: 99%, 11%, 7%
Benefits: 88%, 57%, 49%
System: 46%, 21%, 21%
Tax: 44%, 36%, 31%
Admin: 36%, 16%, 16%
Reporting: 21%, 10%, 10%

Open IV&V Findings

■ Preliminary Concern - Low
■ Preliminary Concern - Medium
■ Risk - High

Scope: 1
Requirements Management: 1, 1
Project Organization and Management: 1

IV&V FINDINGS

Executive Summary

May	Jun	Jul	Category	IV&V Observations
L	L	L	Project Organization and Management	There is a lack of standardization in the approval, revision, and upkeep of Project Management Plan documents. (#32). While not contractually required, PMBOK recommends establishing a Document Management Plan to ensure accessibility, accuracy, and version control throughout the project lifecycle. The UI solution vendor delivered 16 project deliverables in June. IV&V reviewed the End-User Training Plan, Production Support Plan, Data Governance Plan, Data Loss Prevention Plan, Knowledge Transfer Strategy Plan, Business Process Reengineering Plan, Requirements Management Plan, Test Master Plan V3, and the Organizational Readiness Assessment in July.
M	M	L	Scope and Schedule Management	IV&V continues to monitor Finding (#45) regarding velocity and throughput, and backlog growth. During this reporting period, IV&V added two additional forecasts for 3-month and 6-month rolling averages. Using the more stable 6-month trend, IV&V found that if backlog growth halts, the project remains on track to achieve the scheduled completion date. Moderate growth risks the potential of overshooting the target development end date. IV&V is observing a positive trend of increasing throughput and reducing backlog growth, moving this category into a Green status. IV&V will continue to monitor for impacts on visibility into project progress and forecasting reliability. The SPI increased from 0.92 to 1.0 as of the July 29 project schedule.
L	L	L	Requirements Management	IV&V reviewed the Requirements Management Plan and found that while it outlines a general requirements lifecycle and use of Azure DevOps, it lacks key process definitions such as change control and impact analysis. IV&V continues to monitor documentation practices related to eliminating requirements (#39). Additionally, traceability gaps persist between some Features, User Stories, and test cases in Azure DevOps (#42), which IV&V will continue to track.
L	L	L	Architecture and Design	The Appeals Functional Design sessions this month focused on finalizing design points for judicial appeals, packet compilation logic, and the record on appeal function. Discussions covered optimization of auto-compilation, interface design, and packet-type variations, with continued coordination with the Optimization team. Work also advanced on DUA/Special Program appeal design and proposals for DOL review. Security design activities remain pending.
L	L	L	Testing (Sprint, Unit, System, Integration, UAT)	Testing activities continued this month, focusing on validating functionality within the Claimant Portal. The vendor continues to deliver user stories into the sandbox environment for testing. To support oversight, IV&V attempted to review SME validation testing within Azure DevOps (ADO), but current permissions restrict access to the Test Plans module. This limitation has been escalated for resolution. IV&V will continue to monitor test execution progress and traceability practices as broader test phases approach.

*Additional details on finding impacts and significance can be found in the IV&V Findings and Recommendations section

Executive Summary

May	Jun	Jul	Category	IV&V Observations
L	L	L	Data Conversion Management	The Data Cleansing vendor continues leveraging SAP Information Steward to define and enforce business rules that ensure high-quality data for HI DLIR's modernization. A monthly Data Scorecard highlights records failing these rules, with each table assigned a quality score from 0 to 10 based on failure volume. Discrepancies are jointly reviewed with the HI DLIR UI Team, resulting in rule refinements or corrective actions as needed. In July 2025, all tables scored between 9.77 and 10, with overall data conversion progress at 49%.
L	L	L	Security	IV&V has completed its review of the System Security Plan and has provided comments and recommendations to strengthen alignment with applicable standards.
L	L	L	Training and Knowledge Transfer	IV&V received the Knowledge Transfer Strategy on June 20, 2025, from the DLIR UI PMO for review. IV&V reviewed the Knowledge Transfer Strategy and End-User Training Plan during July. IV&V would like to note that some of the observations and recommendations from the Knowledge Transfer Strategy were addressed in the End-User Training Plan. Overall, the documents were sufficient and detailed.
L	L	L	Interfaces	During this reporting period, no requirements sessions related to interfaces were held. Requirements sessions are planned to resume in August 2025.
L	L	L	Software Development	IV&V continues to monitor throughput and development trends (#45). A positive trend has emerged in recent months, with the project completing more user stories than it has added. IV&V is tracking both monthly and sprint-level activity to assess whether this pattern holds and how it may influence future forecasting efforts. Continued observation will help determine if current development pace is sufficient to support timely delivery.

Executive Summary

May	Jun	Jul	Category	IV&V Observations
L	L	L	Human Resources and Staffing Management	All current project resources are stable with no changes. IV&V will continue to monitor resource management activities
L	L	L	Risk and Issue Management	The project team continues demonstrating strong risk management practices. The twice-weekly risk meetings on Tuesdays and Thursdays, with one session dedicated to risks and the other to the AID (Action, Issue, Decision) log, remain effective and well-structured. IV&V has observed that these meetings provide visibility into risks and issues, reinforcing the project's commitment to proactive risk management and control measures.

Organizational Change Management

Organizational Change Management is **Green** with the following **Observations**:

The current OCM meetings are running smoothly without any issues.

OCM Activities

The OCM Team's July accomplishments included:

- Weekly OCM meetings were held to review and coordinate OCM-related tasks.
- Internal stakeholder interviews were held to capture their current job duties, workflows, and training preferences.
- Change Ambassador Network planning continued in July.
- The Change Ambassador Network plan was reviewed by leadership.
- The July highlighted strategic goal is "Improve Employee Experience". This is part of the seven-month Strategic Goals Communications Campaign
- The Quarterly OCM Plan Review was conducted.
- The OCM Plan was reviewed and updated as part of the quarterly OCM Plan review process.

IV&V Findings and Recommendations

IV&V Findings and Recommendations

Findings Opened During the Reporting Period

#	Finding	Category
	None	

IV&V Findings and Recommendations

Findings Retired During the Reporting Period

#	Finding	Category
31	**Lack of Visibility in Backlog Management -** *closed as the project has accepted the reported risk and added it to the RAID log*	Software Development

IV&V Findings and Recommendations
(L) Project Organization and Management

#	Key Findings	Criticality Rating
32	**Preliminary Concern –** There is a lack of standardization in the approval, revision, and upkeep of Project Management Plan documents. **Initial Observations:** • The format of the document maintenance section in Project Management Plans is inconsistent across documents. For instance, the Implementation Strategy includes fields like "Effective Date" and "Approver," while other documents omit these details. • There are discrepancies in document version numbers. For example, the Implementation Strategy's file name shows version 2.0, yet its document maintenance section only lists versions up to 1.3. • Document maintenance sections in approved Project Management Plans are incomplete. For example, the Document Maintenance table in the approved Data Conversion Strategy only shows version 1.0 - Draft. • There is an inconsistency in documenting versioning information to include what information is updated in the document • There is no document management plan governing the management of project documents. **Analysis:** Effective document management is a foundation for project transparency, quality control, and smooth execution. Without it, projects are more prone to miscommunication, errors, and delays. While not contractually required, PMBOK emphasizes managing project information through a structured process, like a Document Management Plan, to support communication, decision-making, and compliance.	Medium

IV&V Findings and Recommendations
Ⓛ Project Organization and Management

Recommendations	Status
IV&V recommends: • Expand the document maintenance process to include timelines, version numbers, responsible parties, and a clear format for the document maintenance section of project management plans. • Review previously approved and finalized project management plans to ensure consistency. • Establishing a Document Management Plan to ensure accessibility, accuracy, and version control throughout the project lifecycle.	Open

Update(s)
7/28/2025 - - As of July 2025, the UI Solution Vendor has delivered most of the document deliverables required by contract. Document maintenance and review are happening quarterly. IV&V will continue to monitor document maintenance for consistency, clarity, and accuracy.

IV&V Findings and Recommendations
Ⓛ Scope and Schedule Management

#	Key Findings	Criticality Rating
45	**Risk – Velocity and Backlog Growth Risks Schedule** Since August 2024, the project backlog has grown by over 600 net new stories, with limited progress on completion until early 2025. Although June 2025 showed a slowdown in new story creation, it is too early to confirm a stable trend. IV&V performed forecasting in June using both story points and story counts, revealing wide variance in projected completion timelines depending on backlog growth and delivery rate. Under the current throughput (27 stories/month), the project could meet its October 2026 development deadline if no additional scope is added. However, continued backlog growth—even at reduced levels—would extend the timeline significantly. These findings highlight the need to control scope intake and improve throughput to ensure timely delivery. As a result of sustained backlog growth and reliance on variable throughput trends, future delivery timelines may extend beyond the scheduled end date, resulting in increased cost and risk exposure. Forecasting models show that if the backlog continues to grow—even modestly—project completion could extend significantly unless corrective actions are taken to improve development throughput or limit scope expansion. Continued on the next slide.	High

IV&V Findings and Recommendations
L Scope and Schedule Management

Recommendations	Status
IV&V Recommends: - Stabilize backlog intake through more rigorous scope control and change management processes. - Regularly monitor and report on net new stories added per month to identify scope growth early. - Evaluate opportunities to increase throughput by analyzing bottlenecks and process inefficiencies. - Prioritize backlog grooming to eliminate unnecessary or duplicate stories. - Adopt a shared forecasting model and regularly update based on story point and count velocity. - Increase transparency into backlog refinement decisions to ensure alignment with RTM and project goals.	**Open**

Update(s)
7/28/2025 - - As of July 2025, the project has completed 362 of 955 user stories, leaving 593 stories remaining in the backlog. - Backlog growth has slowed, and throughput has increased, showing a positive trend of throughput and backlog decline. - Using a 6-month average forecast, if no new stories are added, and current 6-month average throughput is maintained, the project will finish on time with the scheduled planned development end date. The Moderate scenario within that same forecast shows that maintaining the same throughput will surpass the end date by approximately 2 months. 3-month average and historical averages are being monitored as well.

IV&V Findings and Recommendations

Requirements Management

#	Key Findings	Criticality Rating
39	**Preliminary Concern** – There is no defined process for the elimination of requirements. During the Benefits Requirements Session, IV&V observed that some requirements were eliminated due to the inability to establish a use case. IV&V asked about the processes for removing requirements and was told that the best practices are being used when eliminating requirements; however, IV&V cannot validate the process. It is assumed that the DLIR UI PMO meets internally to discuss and approve eliminations. IV&V requested documentation outlining the process for elimination during the March reporting period. **Analysis:** IV&V reviewed the eliminated and removed requirements in the product backlog and found that the documentation was not consistent and did not contain clear statements as to why a requirement was eliminated. Clearly documenting the removal of contract requirements is a critical task in IT projects. While the Agile methodology doesn't typically require formal documentation of removal for every change, Agile best practices do recommend that the product backlog be used as a single source of truth to clearly document why a requirement is being removed, who approved the change (e.g., user feedback, duplicated, replaced by another solution) and any impact analysis.	Low

Recommendations	Status
IV&V Recommends: - Establish a clearly defined process for eliminating requirements that includes: • A standardized method for documenting the removal in the product backlog and communicating the rationale for eliminating requirements.	Open

IV&V Findings and Recommendations
Ⓛ Requirements Management

Update(s)
07/22/2025: IV&V has reviewed the eliminated requirements and suggests that when eliminating the requirement, the documentation within the backlog should be consistent and contain all the relevant information to create an audit trail and a historical record. IV&V will continue to monitor. **06/30/2025:** IV&V reviewed the ADO board to locate justifications for eliminating requirements. IV&V is reviewing a sample size of the 209 requirements marked for elimination for complete, consistent justifications and overall communication about the eliminations. IV&V will provide an analysis in July. **04/02/2025:** Added to March MSR

IV&V Findings and Recommendations
Ⓛ Requirements Management

#	Key Findings	Criticality Rating
42	**Preliminary Concern** – Missing Requirement and Test Case Traceability for Some User Stories and Features For some User Stories that have been developed, IV&V observed no corresponding test case to verify that the requirement was correctly built and works as intended. For example, Task 54144 is a child of User Story 46942 (Decision Template page). However, there is no test case associated with either the User Story or its parent Feature 46771. Additionally, there is no linked requirement associated with the Feature or the User Story (i.e., no parent requirement for the User Story, and no child requirement for the Feature). Requirements Traceability Matrix (RTM) typically tracks two main components for each requirement: 1. Development/Build (designing and implementing the requirement) 2. Testing/Validation (verifying that the requirement is correctly built and works as intended). Simply, Requirement → How it is implemented → How it is tested The RTM's purpose is: 1. Ensure every requirement is accounted for in the system build. 2. Ensure every requirement is tested (validation coverage). 3. Show clear traceability both forward (Requirement ➜ Test Case) and backward (Test Case ➜ Requirement).	

Recommendations	Status
Ensure that all Features, User Stories, and related development tasks are fully traced to corresponding requirements and associated test cases in the RTM to verify that each requirement is correctly built and validated. Gaps should be addressed to maintain complete end-to-end traceability.	Open

IV&V Findings and Recommendations
ⓛ Requirements Management

Update(s)

7/31/2025 - There has been no change since last month regarding traceability in Azure DevOps (ADO). Task 54144 remains a child of User Story 46942 (Decision Template page), and neither the User Story nor its parent Feature 46771 has an associated test case. This ongoing gap indicates that the traceability issue first identified in May and reiterated in June remains unaddressed, sustaining the risk that this functionality may not be adequately validated during testing.

6/30/2025 - There continues to be a lack of full traceability between some Features, User Stories, and corresponding test cases in Azure DevOps (ADO). As of this month, Task 54144 remains a child of User Story 46942 (Decision Template page), but no test case has been associated with either the User Story or its parent Feature 46771. This indicates that the traceability gap identified last month has not yet been addressed, increasing the risk that functionality may not be adequately validated during testing.

5/31/2025 - Not all Features, User Stories, and related development tasks are fully traced to associated test cases in ADO, for example, Task 54144 is a child of User Story 46942 (Decision Template page). However, there is no test case associated with either the User Story or its parent Feature 46771.

Appendix A – IV&V Criticality Ratings

See definitions of Criticality Ratings below:

Criticality Rating	Definition
H	A high rating is assigned if there is a possibility of substantial impact to product quality, scope, cost, or schedule. A major disruption is likely and the consequences would be unacceptable. A different approach is required. Mitigation strategies should be evaluated and acted upon immediately.
M	A medium rating is assigned if there is a possibility of moderate impact to product quality, scope, cost, or schedule. Some disruption is likely and a different approach may be required. Mitigation strategies should be evaluated and implemented as soon as feasible.
L	A low rating is assigned if there is a possibility of a slight impact on product quality, scope, cost, or schedule. Minimal disruption is likely and some oversight is most likely needed to ensure that the risk remains low. Mitigation strategies should be considered for implementation when possible.

Appendix B – IV&V Standard Inputs

Artifacts reviewed during the reporting period:
July 2025 Project HUI Huaka'i Weekly Status Reports
Project Management Plan
Data Cleansing meeting notes (sent by email) for the weekly meetings in June 2025
Development (Appeals) Features Backlog - Boards (azure.com)
Development (Benefits) Team Epics Backlog - Boards (azure.com)
DLIR Traceability Matrix Team Epics Backlog - Boards
Appeals Functional Design Prep & Finalization Sessions agendas, meetings and meeting notes
Benefits Requirements Sessions agendas and Meeting Notes
Epic 28163 System
Project Schedule
Knowledge Transfer Strategy
End-User Training Plan
Organizational Readiness Assessment 1
Data Conversion Plan
System Security Plan
Decision Log
RAID Log
Production Support Plan
Data Governance Plan
Data Loss Prevention Plan

Appendix B – IV&V Standard Inputs Continued

Artifacts reviewed during the reporting period:
Business Process Reengineering Plan
Requirements Management
Test Master Plan
Organizational Readiness Assessment
Power BI Project Reports

Appendix C – IV&V Details

- What is Independent Verification and Validation (IV&V)?
    - Oversight by an independent third party that assesses the project against industry standards to provide an unbiased view to stakeholders
    - The goal of IV&V is to help the State get the solution they want based on requirements and have it built according to best practices
    - IV&V helps improve design visibility and traceability and identifies (potential) problems early
    - IV&V objectively identifies risks and communicates to project leadership for risk management

- PCG IV&V Methodology
    - Consists of a 4-part process made up of the following areas:
        1. **Discovery** – Discovery consists of reviewing documentation, work products and deliverables, interviewing project team members, and determining applicable standards, best practices and tools
        2. **Research and Analysis** – Research and analysis is conducted in order to form an objective opinion.
        3. **Clarification** – Clarification from project team members is sought to ensure agreement and concurrence of facts between the State, the Vendor, and PCG.
        4. **Delivery of Findings** – Findings, observations, and risk assessments are documented in this monthly report and the accompanying Findings and Recommendations log. These documents are then shared with project leadership on both the State and Vendor side for them to consider and take appropriate action on.

    Note: This report is a point-in-time document with findings accurate as of the last day in the reporting period.

Solutions that Matter