

Report Title: Appendix A 10 - 12 Report

Agency: Virginia Employment Commission (VEC)

Date: 10/8/2010

Agency Head Approval:

Yes

<b>Major Projects</b>	
<b>Unemployment Insurance Modernization</b>	
<b>Appropriation Act/Funding Status</b>	<b>Active Project - Funded</b>
<p>The modernization of the Unemployment Insurance System is a major initiative for the VEC in the Agency Strategic Plan. This client/server system will replace the VEC's decades-old IBM-mainframe Benefits, Tax, and Wage systems.</p> <p>Agency stakeholders for this IT Investment include the VEC Commissioner, VEC Assistant Commissioner for Field Operations, the VEC Chief of Benefits, the VEC Chief of TAX, the VEC Director of the Customer Contact Center, the VEC IT Director, and the IT Project Manager. These stakeholders will have direct leadership and governance responsibilities for the Investment.</p> <p>Customer stakeholders include employers of the Commonwealth as well as individual citizens who require support from the Unemployment Insurance program. Input from these stakeholders was analyzed and documented through research performed by Peer Insight and will be further monitored through the use of surveys.</p> <p>Approach: The VEC has performed the following work in selecting a solution for modernizing VEC's UI system:</p> <ul style="list-style-type: none"><li>- Reviewed the project with the Commonwealth's Assistant Secretary of Technology,</li><li>- Administered a questionnaire and developed a decision matrix pertaining to UI modernization efforts in other states,</li><li>- Conducted a Request for Information (RFI) to obtain IT contracting vendors' perspectives on approach, time frames, and costs,</li><li>- Interviewed other states engaged in UI Modernization and documented lessons learned and best practices,</li><li>- Prioritized system functional areas,</li><li>- Consulted with the Information Technology Support Center, a U.S. Department of Labor supported consortium,</li><li>- Visited states that were identified as Unemployment Insurance best-practice leaders,</li><li>- Developed Use Cases for all UI business functions,</li><li>- Performed Business Process Reengineering and developed flow charts of key business processes, and</li><li>- Created an RFP and collaborated with VITA Supply Chain Management to procure a development vendor partner.</li></ul> <p>The VEC obtained information from lessons learned by other states that have modernized or are currently modernizing their Unemployment Insurance systems. Additional information was obtained from vendors through a Request For Information. As a result the VEC will implement the most economical solution possible by leveraging other states' best practices and negotiating with vendor providers based on a clear understanding of our requirements.</p> <p>Solution:</p>	

The solution consists of replacing the Unemployment Insurance Benefits, Tax, and Wage systems with a modern, integrated system based on client/server and web-based technologies. The solution enhances and expands self-service, document management, workflow, and on-line processing with applications that are easy to use and minimize manual intervention.

Phase 1 of our solution has been to develop an RFP and select an IT vendor partner.

Phase 2 is to develop a comprehensive Project Plan, for the IAOC, and procure an IV&V vendor who will review project progress at key milestones, starting with the project plan, and report on their findings.

Phase 3 is to define and document the design of the Application Architecture, the Data Architecture, the Security Architecture, the Systems Development Life Cycle, the Internet Architecture, and Technology Architecture requirements. In addition prototyping techniques will be used to validate the defined Architectures. Requirements review and documentation and fit gap analysis as related to foundational modules will occur as part of the application architecture.

Phase 4 will be system construction based on the above architectural designs followed by testing, training, rollout, and project closing.

The overall project is expected to run 4 years with milestone payments made to the vendor partner on a pre-negotiated schedule. VITA/NG will provide server and network infrastructure on a schedule determined by the project plan.

Overall goals related to the ph

Is this a proposed project or the continuation of an active project? (Proposed or Continuing)?	Proposed
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Planned project start date:	9/14/2009	Planned project end date:	9/27/2013
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PPEA Involvement:	No		
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<b>Estimated Costs:</b>	<b>Total</b>	<b>General Fund</b>	<b>Nongeneral Fund</b>	
Project Cost (estimate at completion):	\$58,831,331			
Estimated project expenditures first year of biennium:	\$13,934,284	\$0	\$13,934,284	
Estimated project expenditures second year of biennium:	\$15,849,049	\$0	\$15,849,049	

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<b>Service Area</b>	<b>Weight</b>
182 VEC 47002 Unemployment Insurance Services	Primary
182 VEC 47001 Job Placement Services	Secondary

182 VEC 53402 Economic Information Services		Secondary	
<b>Project Related Procurements</b>			
UI Consulting Services_ITSC			
Procurement Description:	This request is for the procurement of consulting services from the National Unemployment Insurance Information Technology Center (ITSC).		
Planned Delivery Date:	1/30/2009		
UI Modernization Procurement			
Procurement Description:	<p>This APR is for VEC to procure vendor services, VITA services, hardware, and software for developing and implementing an integrated, non-proprietary, web-based, client/server, customer-centric Benefits/Appeals, Tax, and Wage system. VEC's modernized UI system will:</p> <ul style="list-style-type: none"> <li>-be secure, user-friendly, and heavily self-service based</li> <li>-deliver accurate, complete, timely, up-to-date, and secure benefit, tax, and wage information, reports, and services--for meeting customer needs and expectations</li> <li>-meet functional, performance, reliability, availability, serviceability, localization, portability, maintainability, testability, and extendibility standards as defined by the business and technology users</li> <li>-will support multiple channels of service delivery, produce accurate statistical recordation and reporting and optimize the agency's human resources</li> <li>-will use proven technology that is adaptable, scalable, flexible, enduring, and affordable--technology that is easily maintained and expanded by existing staff</li> <li>-be built upon policy, standards, and guidelines documented in the enterprise architecture's domains of business, information, technology and solutions. These domains ensure and support data principles, data sharing, application integration, and a service oriented architecture where business defines and drives the system functionality—with quality and appropriate deliverables.</li> </ul> <p>This system supports Virginia's long-term objectives of being the best-managed state and a national leader in our economy. In addition, this system supports the Commonwealth's IT Strategic Plan's goals of increasing accessibility to government, facilitating IT collaboration and partnerships, ensuring a trusted and reliable technical environment, creating a reputation of performance for technology, and increasing workforce productivity through the use of technology.</p>		
Planned Delivery Date:	9/30/2011		
UI Modernization - IV&V Services			
Procurement Description:	Contracting services to provide Independent Verification & Validation for the Unemployment Insurance Project		
Planned Delivery Date:	7/31/2014		
UI Modernization - FileNet			
Procurement Description:	This APR is for the purchase of IBM FileNet software to support the Imaging and Workflow (IWF) requirements of the VEC Unemployment Insurance Modernization project.		

	The intent of the VEC is to buy this software through HCL America rather than from a VITA contract. The VITA contract-based quote to purchase this software is \$641K. The HCLA quote for this same software (attached to this APR) is \$467K. The VEC will realize a savings of \$174K by purchasing this software from HCLA.		
Planned Delivery Date:	9/10/2010		
<b>Financial Management System</b>			
<b>Appropriation Act/Funding Status</b>		<b>Project in Planning - Fully Funded NGF 100%</b>	
<p>The Virginia Employment Commission (VEC) is designated by the Governor, as the recipient and fiscal agent for grants provided to the Commonwealth of Virginia (COV) by the United States Department of Labor (USDOL) to fund activities involving Unemployment Insurance, Job Seeker Services, Employer Services, and Labor Market Information. This requires a functional, accurate and timely accounting/reporting system compliant with USDOL financial system requirements, and compliant with the COV's financial processing and reporting requirements. Currently, VEC's finance system is a federally provided and endorsed/approved system called the State Employment Security Cost Accounting System (SESA). SESA is a COBOL based system written some 40 years ago that has endured many changes for which there is little to no documentation. VEC achieves compliance with the COV requirements by maintaining "bridge" coding to translate SESA transactions to the COV's Commonwealth Accounting and Reporting System (CARS).</p>			
<p>The purpose of this project is to achieve a modern, Financial Management Accounting System, and the necessary services, to replace VEC's 40-year-old SESA mainframe batch system. Our intention is to find a COTS solution that will meet most of the COV's requirements and configure it to meet VEC's USDOL requirements. The new system will include general ledger, cost accounting, to include various cost allocations (e.g.; time distribution), accounts receivable, integrated procurement, accounts payable, and encumbrance modules. We anticipate the COTS solution will operate in an on-line, real-time environment. Benefits expected from a replacement accounting system will reduce our reliance on manual Excel spreadsheets and greatly improve efficiency in financial processes, timeliness and availability of management information, and the accuracy of accounting reports thus reducing the potential for audit findings.</p>			
<p>This project will be accomplished by purchasing an integrated COTS financial system and the resources necessary to implement it with few, or preferably no, customizations.</p>			
<p>Stakeholders and their interests with this investment follow:</p> <ul style="list-style-type: none"> <li>· Finance &amp; General Services Division staff – these staff members will use the system to produce the financial management information necessary to run the agency. Will also participate in the procurement and implementation of the new system.</li> <li>· Senior management (Commissioner, Chief Operating Officer, Controller, Internal Audit Director, Division Heads, etc.) – will use the resultant information to review the results of operations and better manage agency financial resources.</li> <li>· Cost center managers – will have improved and more timely information to manage their individual cost center budgets</li> <li>· Field Operations budget management staff - will have improved and more timely information to manage the result of field operations activities.</li> <li>· IT staff – will assist with the implementation of the system &amp; provide post-implementation maintenance support.</li> </ul>			
<p>Stakeholder roles, responsibilities, and expected participation in project development:</p> <ul style="list-style-type: none"> <li>· Project sponsor – will provide overall leadership, guidance and direction for the project.</li> </ul>			

- Project Manager – will provide overall direction and adherence to project management best practices during the life of the project.
- IAOC members – will have project oversight responsibilities.
- Business Team – will serve as Subject Matter Experts and help ensure that business needs are considered at all points in the project.
- IT Team - will assist in the procurement, implementation & maintenance of the new system
- IV&V Audit Team – will conduct independent verification & validation audits during the course of the project.

Business activities affected:

- Creation and posting of journal entries – reduced manual steps, improved data edits.
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Is this a proposed project or the continuation of an active project? (Proposed or Continuing)?	Proposed
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Planned project start date:	7/31/2010	Planned project end date:	6/29/2012
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PPEA Involvement:	No
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<b>Estimated Costs:</b>	<b>Total</b>	<b>General Fund</b>	<b>Nongeneral Fund</b>	<b>Nongeneral Funding Source</b>
Project Cost (estimate at completion):	\$4,446,266	\$0	\$4,446,266	
Estimated project expenditures first year of biennium:	\$2,958,442	\$0	\$2,958,442	Non-general - Federal
Estimated project expenditures second year of biennium:	\$1,505,824	\$0	\$1,505,824	Non-general - Federal

<b>Funding Required:</b>	<b>Total</b>	<b>General</b>	<b>Nongeneral</b>	
Funding required for first year of biennium:	\$0	\$0	\$0	
Funding required for second year of biennium	\$0	\$0	\$0	

<b>Service Area</b>	<b>Weight</b>
182 VEC 47001 Job Placement Services	Primary
182 VEC 47002 Unemployment Insurance Services	Primary
182 VEC 47004 Workforce System Organization Services	Primary
182 VEC 53402 Economic Information Services	Primary

<b>Project Related Procurements</b>
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Financial Management System Procurement			
<p>Procurement Description:</p>	<p>The Virginia Employment Commission (VEC) is designated by the Governor, as the recipient and fiscal agent for grants provided to the Commonwealth of Virginia (COV) by the United States Department of Labor (USDOL) to fund activities involving Unemployment Insurance, Job Seeker Services, Employer Services, and Labor Market Information. This requires a functional, accurate and timely accounting/reporting system compliant with USDOL financial system requirements, and compliant with the COV's financial processing and reporting requirements. Currently, VEC's finance system is a federally provided and endorsed/approved system called the State Employment Security Cost Accounting System (SESA). SESA is a COBOL based system written some 40 years ago that has endured many changes for which there is little to no documentation. VEC achieves compliance with the COV requirements by maintaining "bridge" coding to translate SESA transactions to the COV's Commonwealth Accounting and Reporting System (CARS).</p> <p>The purpose of this procurement is to acquire a modern, integrated Financial Management Accounting System to replace VEC's 40-year-old SESA mainframe batch system. Our intention is to find a COTS solution that will meet most of the COV's requirements and augment it with customizations to meet VEC's USDOL requirements. The new system will include general ledger, cost accounting, to include various cost allocations (e.g.; time distribution), accounts receivable, integrated procurement, accounts payable, and encumbrance modules. We anticipate the COTS solution will operate in an on-line, real-time environment. Benefits expected from a replacement accounting system will reduce our reliance on manual Excel spreadsheets and greatly improve efficiency in financial processes, timeliness and availability of management information, and the accuracy of accounting reports thus reducing the potential for audit findings.</p> <p>Customers Served: The VEC's financial management system manages and reports on base funds of some \$125 million per year and Unemployment, Trade and other client payments that may range from \$300 to \$500 million normally a year, but this year will exceed \$1 Billion. The SESA provides direct support for the delivery of services to Unemployment Insurance clients, Employers, Job Seekers, the under employed, and other workforce functions that impact hundreds of thousands of Virginia's citizens and businesses annually. Other customers include VEC program and Administrative staff, USDOL, and a wide range of other COV agencies and leadership.</p>		
<p>Planned Delivery Date:</p>	<p>9/30/2011</p>		

There are no non-major projects for this agency.



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Agency: Virginia Employment Commission (VEC)      Date: 10/8/2010

Agency Head Approval: Yes

There are no major procurements for this agency.

**Stand Alone Non-Major Procurements**

<b>Procurement Name:</b>		<b>Staff Augmentation FY-11 - (IT Support, Maintenance and Minor Enhancements of Existing Systems)</b>	
Procurement Description:		Staff Augmentation Programmer V2, Level 3 Start Date: July 1, 2010	
		Staff Augmentation Programmer V2, Level 3 Start Date: July 1, 2010	
Procurement Planned Start Date	7/1/2010	Procurement Planned Completion Date	4/30/2011
		Appropriation Act Status	
<b>Service Area</b>			<b>Weight</b>
182 VEC 47002 Unemployment Insurance Services			Primary
<b>Procurement Name:</b>		<b>Staff Augmentation FY-11 - (IT Transformation Support - K. Tonti)</b>	
Procurement Description:		Senior consultant V4, Level 2	
		SCM has approved extending the contractor under SMSA (CAI) until a SOW can be obtained and awarded from ZeroChaos.	
Procurement Planned Start Date	7/1/2010	Procurement Planned Completion Date	3/31/2011
		Appropriation Act Status	
<b>Service Area</b>			<b>Weight</b>
182 VEC 47002 Unemployment Insurance Services			Primary

