

Agency IT Strategic Plan (Form) / **151 DOA FY14-16 ITSP** (Item) / **Today**

(Data as of: Jul 7, 2015)

Form Report, printed by: Truman, Cheryl, **Jul 7, 2015**

IT SUMMARY

General Information		
Item Name:	151 DOA FY14-16 ITSP	<i>Choose the CTP-prepared Agency ITSP item for the appropriate biennium</i>
Home Portfolio:	151 DOA IT Strategic Plans	<i>Choose your Agency Portfolio for ITSP</i>
ITSP Biennium:	FY14-16	
Proponent Secretary:	190 Secretary of Finance	
Proponent Agency:	151 Department of Accounts	
Submitted by:	Administrator, System	
Agency has BRTs or Investments:	Yes	
Has CETR been updated?	Yes	
Date Submitted:		
For additional CETR information, secure link address or CETR access request go to the following VITA website:		
http://www.vita.virginia.gov/oversight/default.aspx?id=349		

About the IT Summary

The purpose of the agency IT Strategic Plan is to establish an agency-wide vision and priorities for agency investments in IT and IT operations so that they promote the achievement of agency's mission and business outcomes. The IT Plan Summary describes how agency IT strategies, goals, and objectives align with the mission, vision, values, and daily operations identified in the Agency Strategic Plan. This IT Plan Summary identifies the implications outlined in the Agency Strategic Plan and integrates them into implementable objectives and directives.

Current Operational IT Investments

In this section, describe the high-level strategy the agency will use to manage existing operational IT investments over the next year to 6 years. This section should align with identified Business Requirements for Existing Technology (BReTs). At minimum, please address the following questions in your description of your agency's strategy for managing existing operational IT investments:

- *Are there existing IT investments that will require additional funding over the next year to 6 years, such as license renewals, re-competition of current IT contracts, or system enhancements required by the Agency Strategic Plan?*
- *If there are systems that will no longer support the agency's business needs, either through poor performance or excessive cost, how does IT leadership in the agency plan to address the issues?*
- *If the agency does not have the staff or funding to meet increasing demand for IT services, how will IT leadership fulfill the requests?*

DOA Mission
Provide a uniform system of accounting, financial reporting, and internal control adequate to protect and account for the Commonwealth's financial resources while supporting and enhancing the recognition of Virginia as the best managed state in the nation.

DOA Vision
To be nationally recognized for accounting and financial reporting excellence; to enhance the reputation of Virginia as the best managed state in the union; to showcase Department of Accounts (DOA) employees as statewide and national leaders in the financial accounting and reporting arena; maintain financial accounting, payroll, and fixed asset systems that support the needs of the Commonwealth; and to treat employees and customers with fairness and respect.

Current and Additional Funding:
CIPPS Replacement System.

The Commonwealth's centralized payroll system, known as CIPPS, was implemented in the mid-1980s. It is a purchased software package supported by Infor Global Solutions (formerly McCormack and Dodge, Dun and Bradstreet, and GEAC). The application runs on the IBM mainframe and supporting programs are largely written in COBOL (COMmon Business-Oriented Language). Infor has announced technical support for the current system through May 31, 2018. Technical support is needed to obtain software updates for federal/state (Virginia has employees in 17 states) tax rate and rule changes. This critical technical support will likely be discontinued on, or soon after, that date. Additionally, most technical support (DOA and Infor) personnel either have reached or are approaching eligibility for retirement. While effective, the technology of the system is outdated from the aspect of having a sufficient pool of talent to provide support in the future. Given the amount of lead time required to define system requirements, develop and implement the system and train the users of 200+ agencies and central support staff, moving forward with a strategic plan to replace CIPPS is critical.

Cardinal

Cardinal represents a shared vision between the offices of the Secretary of Transportation, Secretary of Finance and the Secretary of Technology to replace the Commonwealth's financial system (CARS) and the Virginia Department of Transportation's (VDOT) financial system (FMS) with a modern enterprise wide financial system (base financial system). Cardinal will 1) replace the two aging financial systems with an enterprise resource planning (ERP) financial system - PeopleSoft, 2) develop data standards that improve the sharing of information across agencies (Virginia Acts of the Assembly, Chapter 781, Item 460), and 3) allow the Commonwealth to reduce the risk inherent in operating up to 30 year old legacy systems and keep pace with future technology improvements. More importantly, the financial base system provides a solid foundation for the Commonwealth to expand system functionality and facilitate better integration of key administrative systems across the state. This foundation will enable the state to re-engineer activities to include taking advantage of shared services, increasing functionality for better fiscal management, and reducing redundant agency financial systems and related cost. Cardinal Financials is being implemented in three parts. The first part implemented VDOT's financial system (including General Ledger, Accounts Payable, Full Accounts Receivable, Project Accounting, Procurement and Time and Attendance) on December 1, 2011. The second part implements the Base statewide financial system (General Ledger, Accounts Payable, Limited Accounts Receivable) at the Department of Accounts on October 1, 2012. The third part of the project includes transitioning all other state agencies to the Cardinal Base system; at which time CARS will be retired (planned effective FY 2016). DOA will need to staff the operational support of Cardinal while simultaneously maintaining support for CARS throughout the part three implementation. A contract for implementation services, a multi-agency project team and funding strategy (Working Capital Advance for implementation and ongoing operating costs recovered through the Enterprise Applications internal service fund) is in place to implement all three phases.

Payroll Service Bureau:

The Department of Accounts (DOA) operates a payroll service bureau (PSB) that supports agency-level payroll, leave, and certain human resource and benefit data entry activities for over 16,750 employees in 59 state agencies. In addition to performing the processing responsibilities for payroll, leave accounting and benefit administration, the PSB also prepares payroll-related reconciliations and certifications required by the Commonwealth Accounting Policies and Procedures (CAPP) Manual. These reconciliations include retirement benefits, healthcare benefits, Leave Liability attachment, reciprocal tax administration, certification of the Quarterly and Annual Taxable Wages, explanations for Commonwealth Integrated Payroll and Personnel System/Personnel Management Information System (CIPPS/PMIS) exceptions and gross pay differences. To support the Department of Human Resource Management (DHRM) policies governing wage employees, the PSB prepares and files the monthly Employee Position Report (EPR) information and maintains the 1,500 Hour Wage Reporting.

Performance Budgeting

Performance Budgeting (PB) is the Commonwealth's central budget system administered by the Department of Planning and Budget, which facilitates reporting transparency and improved budget decision making and provides the ability to systematically link strategic and service area plans, performance measures, and budgets. PB implementation costs were funded through a WCA and systems operating costs (including WCA repayment) are being recovered through the Enterprise Applications internal service fund administered by DOA. The appropriation for the PB is included in DPB's strategic plan.

Factors Impacting the Current IT

In this section, the agency will describe the changes in their business environment that will require or mandate changes to the agency's current IT investments. These are requirements and mandates from external sources, such as other agencies or business partners, the agency's customer base, product and service providers, or new federal or state legislation or regulations. Each requirement or mandate from an external source must have a corresponding Business Requirement for New Technology (BRnT) or Business Requirement for Existing Technology (BReT) entered into the CTP. The agency must identify the business value of the change, any important deadlines that must be met, and the consequences if the deadlines are not met. In your discussion, be sure to note whether the proposed enhancements are funded or not.

If the agency's existing current IT investments will not need enhancement due to requirements or mandates from external sources in the foreseeable future, the agency should enter the following text rather than leave the Factors Impacting the Current IT section blank.

• For each mandated change, summarize your agency's response from your Agency Strategic Plan, and is it the opinion of agency IT leadership that the IT portion of the response is adequately funded?

• Do the mandated changes effect IT in other Commonwealth agencies, or in other states? If so, how?

.Factors Impacting

DOA is in the process of modernizing its 25+ year-old mainframe applications and systems and moving them to web enabled technical environments. Some of DOA's IT staff, while proficient in legacy oriented languages and other mainframe technologies are transitioning to web and client server technologies. As staff train in the new technologies there will be a risk of turnover because they will have more marketable and in-demand skills. As staff leave or retire, there is an agency loss of both business knowledge and technical expertise. The Cardinal management structure has been built on the premise of a single system instance, with a centralized application support unit leveraging VDOT's extensive PeopleSoft experience and project infrastructure. DOA and VDOT agreed State (i.e., non-contractual or

consulting) Cardinal support and development staff would remain on VDOT payroll in the near-term, but over time would transition to DOA payroll through attrition. This planned institutionalization of the statewide Cardinal support and development staff under DOA and the Enterprise Applications Internal Service Fund is intended to occur over many years. VDOT is planning to implement a second software instance of Cardinal, which may involve separate support and development units with unified development project management.

eVa Integration

Item 76 C.2. of Chapter 2, 2014 Special Session 1 of the Virginia Acts of Assembly (Appropriation Act for Fiscal Years 2015 and 2016) requires the Department of General Services in consultation with the Department of Accounts to develop an implementation timetable, scope, and cost for real time integration between eVA and Cardinal with the objective that the integration be completed within one year of the Cardinal Wave 1 rollout. This language requires a final timetable for integration to be submitted to the Governor and Chairmen of the House Appropriations and Senate Finance Committees. This is a significant change in scope to the existing plans for Cardinal implementation and must be managed to preclude the diversion of resources currently dedicated to the successful implementation of Cardinal and subsequent decommissioning of CARS.

The ongoing support activities that are necessary as a result of the transformation to VITA place a demand on agency IT and security personnel to ensure adherence to VITA standards and alignment with VITA requirements.

The Commonwealth's centralized payroll system, known as CIPPS, was implemented in the mid-1980s. It is a purchased software package supported by Infor Global Solutions (formerly McCormack and Dodge, Dun and Bradstreet, and GEAC). The application runs on the IBM mainframe and supporting programs are largely written in COBOL (Common Business-Oriented Language). Infor has announced technical support for the current system through May 31, 2018. Technical support is needed to obtain software updates for federal/state (Virginia has employees in 17 states) tax rate and rule changes. This critical technical support will likely be discontinued on, or soon after, that date. Additionally, most technical support (DOA and Infor) personnel either have reached or are approaching eligibility for retirement. While effective, the technology of the system is outdated from the aspect of having a sufficient pool of talent to provide support in the future. Given the amount of lead time required to define system requirements, develop and implement the system and train the users of 200+ agencies and central support staff, moving forward with a strategic plan to replace CIPPS is critical.

The one to three-day system downtime (i.e., switch-over timeframe to back-up VITA site) currently embedded in the VITA disaster recovery and business continuity plan is inadequate for our agency and DOA is investigating better solutions to mitigate that risk.

Proposed IT Solutions

In this section, describe the high-level strategy the agency will use to initiate new IT investments over the next year to 6 years in support of the agency strategic objectives documented in your Agency Strategic Plan. The agency does not need to consider specific technologies at this time, however, the strategy should identify how the IT implementation will provide business value to the organization. This section should align with identified Business Requirements for New Technology (BRNTs). At minimum, please address the following questions in your description of your agency's strategy for initiating new IT investments:

- *What are the most important solutions, based on the priority assigned to the requirements by the business sponsors in your agency, and what is the approach to achieving these priority solutions?*
- *If any new IT initiatives will be started in the upcoming budget biennium, is it the opinion of agency IT leadership that it is adequately funded?*
- *Does the agency's current IT staff have the appropriate skill set needed to support future agency technologies? If not, what skill sets need to be acquired?*
- *If the agency will be engaged in multiple new IT initiatives, how will agency IT staff and agency subject matter experts be used across the initiatives?*

See above for Cardinal.

CIPPS Replacement:

The Commonwealth's centralized payroll system, known as CIPPS, was implemented in the mid-1980s. It is a purchased software package supported by Infor Global Solutions (formerly McCormack and Dodge, Dun and Bradstreet, and GEAC). The application runs on the IBM mainframe and supporting programs are largely written in COBOL (Common Business-Oriented Language). Infor has announced technical support for the current system through May 31, 2018. Technical support is needed to obtain software updates for federal/state (Virginia has employees in 17 states) tax rate and rule changes. This critical technical support will likely be discontinued on, or soon after, that date. Additionally, most technical support (DOA and Infor) personnel either have reached or are approaching eligibility for retirement. While effective, the technology of the system is outdated from the aspect of having a sufficient pool of talent to provide support in the future. Given the amount of lead time required to define system requirements, develop and implement the system and train the users of 200+ agencies and central support staff, moving forward with a strategic plan to replace CIPPS is critical.

Planned Approach – PeopleSoft (Oracle)

COV purchased PeopleSoft for the purpose of replacing legacy enterprise systems. The purchase included the full suite of applications including Payroll. This solution also requires integration services to develop requirements, design, test and implement the solution, develop conversion programs and develop and deliver comprehensive change management and training programs.

Under this approach, DOA would leverage the existing proven Cardinal project management and production support capabilities that have successfully (on-time, on-budget) implemented Cardinal in VDOT (7,500 users), DOA, 143 Wave 1 agencies (390 users) and, by February, 2016, Wave 2 agencies (1,500 users), enabling the 30 year old CARS system to be decommissioned. A contract is available with Accenture, the Cardinal integration partner and post-production support provider, to establish a Statement of Work (SOW) to begin work on the CIPPS replacement initiative. Under this strategy DOA would continue to augment its' functional expertise (i.e., State Payroll Operations) with the existing Cardinal Enterprise System Program office's project management and PeopleSoft technical expertise and experience. By continuing this DOA/VDOT shared service approach, the need to stand-up a separate Payroll project management office will be avoided using the proven PeopleSoft product and Accenture's proven implementation methodologies.

This approach is considered substantially less risky and ultimately more cost effective than issuing a Request for Proposal to procure either or both Payroll software and implementation services. Utilizing a proven product, proven implementation methodologies, highly

experienced/skilled resources with a trusted implementation partner will minimize the risk that COV will be unable to process payroll for its approximately 100,000 CIPPS employees. Implementing the CIPPS replacement on a common platform with the Cardinal statewide financial system will leverage the existing Cardinal production infrastructure and ultimately lead to lower operating costs than would be incurred with multiple software platforms.

Pursuant to an RFI, DOA obtained a high level budget estimate of approximately \$30 million as the total implementation cost to replace CIPPS. DOA plans to request budget language to authorize a Working Capital Advance (WCA) to fund the project. WCA repayment and payroll system operating costs will be captured through internal service fund rates following implementation. Initial work will entail a negotiated SOW to define requirements and perform a software fit/gap analysis, which will enable more refined budget estimates for total implementation costs.

Succession Planning/Staff Back-up

Reduced staffing levels at DOA engender two critical threats to the continuity of IT service provided for DOA systems. First, there is a more limited capacity for cross-training to build staff resource backup capacity in the event of an emergency. Second, there are fewer options to ensure continuity of service due to normal attrition.

IT Initiatives

DOA plans to strengthen its project management expertise and to move toward the continued development of a Project Management Office to improve non-routine, non-operational project planning and execution.

Report Title: Strategic Plan

Agency: Department of Accounts

Date: 7/7/2015

Current IT Services

Category	Costs Year 1		Costs Year 2	
	GF	NGF	GF	NGF
Projected Service Fees	\$1,309,854	\$42,192	\$1,342,601	\$43,247
VITA Infrastructure Changes	\$264,045	\$17,620,483	\$264,075	\$17,973,016
Estimated VITA Infrastructure	\$1,573,899	\$17,662,675	\$1,606,676	\$18,016,263
Specialized Infrastructure	\$0	\$0	\$0	\$0
Agency IT Staff	\$1,796,557	\$0	\$1,796,557	\$0
Non-agency IT Staff	\$0	\$0	\$0	\$0
Cloud Computing Service	\$0	\$0	\$0	\$0
Other Application Costs	\$0	\$0	\$0	\$0
Total	\$3,370,456	\$17,662,675	\$3,403,233	\$18,016,263

Proposed IT Investments

Category	Costs Year 1		Costs Year 2	
	GF	NGF	GF	NGF
Major IT Projects	\$0	\$23,562,262	\$0	\$28,500,553
Non-Major IT Projects	\$0	\$0	\$0	\$0
Agency-Level IT Projects	\$0	\$0	\$0	\$0
Major Stand Alone IT Procurements	\$0	\$0	\$8,379,950	\$0
Non-Major Stand Alone IT Procurements	\$0	\$0	\$0	\$0
Agency-Level Stand Alone IT Procurements	\$0	\$0	\$0	\$0
Total	\$0	\$19,062,262	\$0	\$13,500,553

Projected Total IT Budget

Category	Costs Year 1		Costs Year 2		Total Costs
	GF	NGF	GF	NGF	
Current IT Services	\$3,370,456	\$17,662,675	\$3,403,233	\$18,016,263	\$42,452,627
Proposed IT	\$0	\$19,062,262	\$0	\$13,500,553	\$32,562,815

Investments					
Total	\$3,370,456	\$36,724,937	\$3,403,233	\$31,516,816	\$75,015,442

Report Title: Business Requirements For Technology

Agency: Department of Accounts (DOA)

Date: 7/7/2015

2014 MS Server 2003 ORI

BRT Type: Business Requirement for New Technology

Date Submitted: 9/17/2014

Mandate: No

Mission Critical: No

Description:

Upgrade DOA Windows Server environments to 2012

2014 SQL Server 2005 ORI

BRT Type: Business Requirement for New Technology

Date Submitted: 9/17/2014

Mandate: No

Mission Critical: No

Description:

Upgrade DOA's SQL Server software to 2012.

BRT - CIPPS Replacement

BRT Type: Business Requirement for New Technology

Date Submitted: 10/1/2014

Mandate: Yes

Mission Critical: Yes

Description:

Replace CIPPS - vendor maintenance to end May of 2018.

Overall 2013 Audit Program

BRT Type: Business Requirement for New Technology

Date Submitted: 9/17/2014

Mandate: Yes

Mission Critical: No

Critical:	
Description:	
	Complete 2013 overall audit requirement.

Report Title: Appendix A 14 - 16 Report

Agency: Department of Accounts (DOA)

Date: 7/7/2015

Agency Head Approval:

No

Budget Category: Major Projects				
CIPPS Replacement				
Oversight and Governance Category: Category 2: High/Medium or High/Low or Medium/High				
Appropriation Act/Funding Status			Investment Business Case Approval -	
Replace CIPPS - vendor maintenance to end May of 2018.				
Planned project start date:	11/30/2014	Planned project end date:	1/1/2018	
PPEA Involvement:	Yes			
Estimated Costs:	Total	General Fund	Nongeneral Fund	
Project Cost (estimate at completion):	\$30,000,000	\$30,000,000	\$0	
Estimated project expenditures first year of biennium:	\$4,000,000	\$0	\$4,000,000	
Estimated project expenditures second year of biennium:	\$15,000,000	\$0	\$15,000,000	
Funding Required:	Total	General	Nongeneral	Nongeneral Funding Source
Funding required for first year of biennium:	\$4,000,000	\$0	\$4,000,000	Non-general - State
Funding required for second year of biennium:	\$15,000,000	\$0	\$15,000,000	Non-general - State
Service Area			Weight	
There are no service areas for this project.				
Project Related Procurements				
CIPPS Replacement (Planning SOW)				
Procurement Description:	<p>Cardinal will replace the antiquated, mainframe CIPPS application with the necessary PeopleSoft HCM modules. A planning phase will be conducted beginning in May 2015 to define requirements, conduct a fit-gap assessment using the PeopleSoft HCM software, and estimate the implementation scope - cost, schedule and resources required to implement a modern payroll system for the Commonwealth.</p> <p>The scope of this planning will include Time & Labor and Leave processes in addition to Payroll processes. These processes are all currently in scope to CIPPS but were not originally planning to be in scope to the replacement system because it was expected they would be handled by other</p>			

Commonwealth systems. Concern has been raised by the APA that other systems may not be robust enough to ensure the Commonwealth accurate financial reporting of Leave balances, so these functions are not in-scope to the CIPPS replacement project.

Additionally, this effort will include a Conference Room Pilot where end users from DOA's Payroll section and agency payroll staff will participate in workshops to validate that the proposed Solution meets the majority of the business requirements for Payroll, Time and Attendance and Leave accounting.

All the General Funds required for this phase of the project have been appropriated.

Planned Delivery Date:	5/15/2015		
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Financial Management Enterprise Rollout (Cardinal Project Part 3)

Oversight and Governance Category: Category 1: High/High

Appropriation Act/Funding Status	Project Initiation Approval - Fully Funded GF/NGF 100%
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The Cardinal Project - Part 3 will deploy the new Cardinal Base and will replace the DOA current financial system, Commonwealth Accounting and Reporting System (CARS). Out of scope agencies (such as restructured higher education) and agencies with agency based financial systems will develop an interface to the Base. The Solution is Oracle's PeopleSoft Enterprise Resource Planning (ERP) implementation of General Ledger, Accounts Payable, Expenses and Accounts Receivable - Funds Receipt. Additionally, the first release of Cardinal Business Intelligence Reporting will be included. The Base system will be deployed to all current CARS-only agencies and interfaced with the financial systems that currently interface to CARS. The scope of this project also includes the Change Leadership, Training required to migrate off of CARS.

Planned project start date:	3/14/2013	Planned project end date:	9/30/2016
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PPEA Involvement:	Yes
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Estimated Costs:	Total	General Fund	Nongeneral Fund	
Project Cost (estimate at completion):	\$60,000,000			
Estimated project expenditures first year of biennium:	\$19,562,262	\$0	\$19,562,262	
Estimated project expenditures second year of biennium:	\$13,500,553	\$0	\$13,500,553	

Service Area	Weight
151 DOA 72402 Financial Systems Maintenance	Primary

Project Related Procurements

Financial Management Enterprise Rollout (Cardinal Procurement Part 3)

Procurement Description:	The Cardinal Project Part 3 will deploy the new Cardinal Base and will replace the DOA current financial system, Commonwealth Accounting and Reporting System (CARS). Out of scope agencies (such as restructured higher education) and agencies with agency based financial systems will develop an interface to the Base. The Base is an Enterprise Resource Planning (ERP) implementation of General Ledger and Accounts Payable, the two accounting
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	features currently contained within CARS. The Base system will be deployed to all current CARS agency users (approximately 60) and interfaced with the financial systems that currently interface to CARS. The scope of this project also includes the Change Leadership, Training required to migrate off of CARS, and the evaluation of options for purchasing integration into the Base including implementing PeopleSoft Purchasing functions and/or eVA integration.		
Planned Delivery Date:	9/30/2016		
Financial Management Enterprise Rollout (SOW4)			
Procurement Description:	<p>The purpose of this SOW is to obtain Services to analyze key components of the Statewide Implementation of Cardinal for the Commonwealth of Virginia (COVA).</p> <p>A. Project Scope</p> <p>There are four areas of analysis in scope for this SOW:</p> <ul style="list-style-type: none"> Ã· Agency Assessment and Rollout Strategy for the Statewide implementation of the Cardinal base system. Ã· Interface Approach for existing CARS interfaces and new, proposed vendor interfaces. Ã· Vendor Data Management Strategy for short-term and mid-term recommendations to better control the quality and integrity of vendor data. Ã· Reporting Strategy to develop a comprehensive reporting approach to address the reporting requirements for key stakeholders, assess replacement of existing reporting capabilities, and suggest appropriate Business Intelligence tools and structure for Cardinal reporting. 		
Planned Delivery Date:	6/30/2013		
DOA Staff Augmentation FY16			
Procurement Description:	<p>This procurement is to obtain the services of highly knowledgeable and skilled technology consultants to supplement current technology staff efforts. Contractors work on projects, operations and maintenance activities where additional personnel services are required, provide technical expertise that can not be hired through the state personnel system due to lack of new FTE positions, and provide supplemental staff coverage for FTEs that may be distributed to other critical areas within the agency.</p>		
Planned Delivery Date:	6/30/2016		

There are no Category 4 IT Projects for this agency.

Report Title: Appendix A 14 - 16 Report

Agency: Department of Accounts (DOA)

Date: 7/7/2015

Agency Head Approval:

No

Stand Alone Major Procurements

Procurement Name:	DOA Staff Augmentation FY16 (Part II)		
Procurement Description:	This procurement is to obtain the services of highly knowledgeable and skilled technology consultants to supplement current technology staff efforts. Contractors work on projects, operations and maintenance activities where additional personnel services are required, provide technical expertise that can not be hired through the state personnel system due to lack of new FTE positions, and provide supplemental staff coverage for FTEs that may be distributed to other critical areas within the agency.		
Procurement Planned Start Date	7/1/2015	Procurement Planned Completion Date	7/1/2015
		Appropriation Act Status	
Service Area		Weight	
151 DOA 72401 Financial Systems Development		Primary	
Financial Management Enterprise Rollout (Cardinal Procurement Part 3)		Primary	
151 DOA 72402 Financial Systems Maintenance		Secondary	

There are no non-major procurements for this agency.