MINUTES OF THE
WEST VIRGINIA ENTERPRISE RESOURCE PLANNING BOARD
MEETING OF May 30, 2012

In Accordance with Chapter 12, Article 6D, Section 1 of the WV Code, a meeting of the West Virginia Enterprise Resource Planning Board was held on May 30, 2012 at the Governor's Cabinet and Conference Room, Capitol Complex, Charleston, West Virginia. The meeting was chaired by Auditor Glen Gainer in the Governor's absence, and he called the meeting to order at 9:00 a.m. Due notice was given of the meeting and filed with Secretary of State for publication in the State Register.

I. Call to Order and Roll Call of Members

A silent roll call was taken with a quorum present consisting of the following Board Members:

Rob Alsop, representing Governor Earl Ray Tomblin
Glen B. Gainer III, State Auditor
John Perdue, State Treasurer

Also in attendance were:

Todd Childers – State Auditor's Office
Fred Thomas – State Treasurer's Office
Drew Thigpen – ISG Consulting
Randy Meek – ISG Consulting
Jodi Wynn – State Auditor's Office
Misty Price – State Treasurer's Office
Rick Pickens – Office of Technology
Mike McKown – State Budget Office
Stephanie Ankner – State Auditor's Office
David Goldbaum – CGI

II. Approval of Minutes of the February 29, 2012 Meeting

The first order of business was the approval of minutes. Rob Alsop moved to approve the minutes of the West Virginia Enterprise Resource Planning Board meeting held on February 29, 2012. Treasurer Perdue seconded and the motion carried unanimously.

III. ERP Project Update

The Chair recognized Todd Childers and David Goldbaum for the next order of business. David Goldbaum gave an update on the key accomplishments of the ERP Project. Project staffing is in good shape with nearly all the currently- required positions being filled. The State has two open positions, a change management position and a personnel class and compensation position. CGI has an open position on the infrastructure team which will become more critical when the Project begins to plan out the State's technical environment.

A comprehensive work plan for CGI team activities has been submitted for final review. This work plan is being used to track activities and manage the project overall. The Fit/Gap analysis for Core Financial & Procurement functions has been revised to incorporate State comments and is undergoing final review and approval. Draft Fit/Gap analysis for the remaining phases are being reviewed and are scheduled for submission in June.

In the area of Enterprise Readiness, the Cultural Change Readiness assessment has been completed and the Change Leadership Team has been created. This team is made up of about twenty-five leaders from agencies and constitutional officers across the State that will work closely with the enterprise Readiness Team to prepare their agencies for change. The Communication Plan has been approved, and the Cultural Change Management Plan has been submitted for review.

The Project Management Team met with PEIA's management and technical teams to define the approach for how their functionality will be rolled out with OASIS. It will be handled in a two-tiered approach. PEIA's benefits administration will be implemented within OASIS for state employees when the HR/Payroll phase goes live in January 2014. In 2015, all of PEIA's systems would be replaced with OASIS. It was pointed out that not all of this functionality was funded within the original aspects of the project, and additional funding will be required. Auditor Gainer questioned if PEIA will be providing this additional funding from their current funds or if they would seek funding from the Board and Legislature. Todd Childers responded that in the talks with PEIA there was no indication of the source of the funding.

Auditor Gainer requested a copy of the work plan and a list of the change leadership team members be provided to the Board Members. Rob Alsop indicated he would follow up with Ross Taylor on the PEIA issue.

Todd Childers provided an update on key upcoming events for the Project. Previously, the Department of Transportation and the prior administration formed an agreement where the Department of Transportation will provide $5 million of funding for a period of four years, totaling $20 million. A MOU is being prepared prior to the initial transfer being sent. Treasurer Perdue questioned the source of those funds, specifically if it was money that had been appropriated by the Legislature. Todd Childers responded that the Project has not been made aware of the source of the funds. Rob Alsop replied that it is his understanding the funds will come out of operations. Since this is a system issue there are allowable expenses that can be made by DOT because Legacy Systems will be replaced by OASIS. It should be a capital expense for Transportation that is authorized. Rob Alsop indicated he would confirm this information.

The next item in upcoming activities deals with the WV Parkway Authority. In the original scope of the project, it was assumed that Parkways would adopt standard processes being implemented with OASIS. In developments since initiating the contract, Parkways has concerns since they do not operate like other state agencies. The WV Parkway Authority is conducting an analysis of the impacts for implementing OASIS to determine if they will participate.

The final area in upcoming events is business process standardization which is a main goal of the Project. The following areas of standardization are being reviewed and will be brought before the ERP Board for review and approval – pay period, single FEIN for payroll, travel policy, UNSPC Commodity Codes, and bar code solution.

IV. Financial Update

Todd Childers gave the Financial Report as of April 30, 2012. The format of the financial report has been modified to include a previously- reported column, current activity, and totals. The expenditures have been itemized to coincide with object codes. These modifications provide greater detail and were done per the request of the Steering Committee. Rob Alsop questioned if a report was available that would show projections for expenditures by month. Todd Childers responded that it had not been updated since the original business case. The expenditures are slightly off schedule due to a delay in deliverables. The expenditures are being reforecast, and the report will be provided to the Board members.

Treasurer Perdue questioned who oversees the payment of invoices. Todd Childers indicated the invoices are reviewed at the project level by himself and Rick Pickens. They are then sent to Mike Withrow for creation of cover sheets and the payment disbursements are handled through the Auditor's office. Treasurer Perdue further questioned if there was an internal auditor on the Project. Todd Childers responded that the Board is not subject to external third- party auditing other than what would be provided for the entire state by Ernst and Young. It was decided the matter of an internal auditor would be revisited at a later meeting.

V. Steering Committee Recommendations – Pay Frequencies

The Chair recognized Randy Meeks, of ISG, to lead the discussion on pay frequencies. The Steering Committee suggests moving to bi-weekly pay while minimizing the impact to employees. There are three concerns with moving to bi-weekly pay:

- Impact on net pay due to twenty-six pay periods instead of the current twenty-four
- State Code must be changed in the next legislative session to be able to pay at least twice per month
- Communication with state employees about this change since this is one of the initiatives in the ERP Project that will impact every employee in the State

There are several key benefits of moving to bi-weekly pay. Employees would be paid every 2 weeks, and there would be no need to stretch pay over three weekends. The duration of the pay period and the pay date is standardized. Manual calculation errors would be eliminated due to the same rate of pay throughout the year instead of differing rates based on the number of hours in the pay period; the pay rate is standardized. Bi-weekly pay creates consistent deadlines which translate to improved payroll accuracy and fewer corrections in the next cycle. The last key benefit is it will minimize the cost to deliver and maintain the new system. There is no additional cost to the software for semi-monthly or bi-weekly pay. However, there is much less labor cost required to establish a bi-weekly pay system.

The primary challenge to bi-weekly pay is the impact to employees pay. There are several ways this impact could be minimized. The first suggestion is to implement a one-time measure to pay employees for the first 13 days in January, 2014, for the first pay period rather than 10 days. The other suggestion is to issue an early payment of one half of the annual increment pay in January, 2014. This would require an estimated $14 million to be shifted from FY 2015 to FY 2014.

Randy Meeks also stressed that the Project is to a point where the Project Team must have some direction regarding pay frequency. If the Board is unable to support the Steering Committee recommendation to move to bi-weekly pay, then the OASIS team would urge the Board to adopt standard methods of calculating each type of pay within the current semi-monthly cycle. Discussion followed among the Board members on the pros and cons of moving to bi-weekly pay. The biggest concern among Board members is the risk associated with getting the change passed through the Legislature.

Rob Alsop made a motion for the Board to give clear direction to the Project Team that whether it be 26 or 24 periods, it is the goal of this board to standardize to the fullest extent possible, all processes related to pay periods. Treasurer Perdue seconded the motion and all agreed. A recess was called until June 6 to allow time for Rob Alsop to confer with members of the legislature regarding the pay frequency.

The meeting reconvened on June 6, 2012 at 9:09 a.m. Rob Alsop reported that members of the legislature were receptive to the idea of bi-weekly pay. However, they were also concerned with the impact to employee pay and the cost to the State. Todd Childers reiterated the desire of the Steering Committee to move to a bi-weekly pay, but address the financial burden on the employee. A lengthy discussion followed regarding the various problems associated with moving to bi-weekly pay and possible solutions. Rob Alsop made a motion to keep the pay period as is but standardize other areas of payroll where possible. Treasurer Perdue seconded and all agreed.

VI. New Business

Auditor Gainer mentioned the need to formalize the request for the first installment from the Department of Transportation as previously discussed during the ERP Project Update. Rob Alsop made a motion to adopt Board Resolution No. 7.[i] Treasurer Perdue seconded the motion and all agreed to adopt the motion.

VII. Adjournment

There were no further matters to bring before the Board. Rob Alsop moved to adjourn the meeting, and Treasurer Perdue seconded the motion. All agreed. The Chair adjourned the meeting at 9:29 a.m. on June 6, 2012.

Prepared by: ______________________
State Auditor Glen B. Gainer III
Board Secretary

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Governor Earl Ray Tomblin, Chair

Attachments:

[i] Board Resolution No. 7