MINUTES OF THE

WEST VIRGINIA ENTERPRISE RESOURCE PLANNING BOARD

DECEMBER 5, 2017

In accordance with Chapter 12, Article 6D, Section 1, of the West Virginia Code, a meeting of the West Virginia Enterprise Resource Planning Board (WV ERP) was held on December 5, 2017, in the State Auditor's Conference Room, Building 1, Room W-100, Capitol Complex, Charleston, West Virginia. Due notice was given of the meeting and filed with the Secretary of State for publication in the State Register.

I. Call to Order and Roll Call of Members

The meeting was chaired by Auditor John B. McCuskey, and called to order at 1:30 p.m. A roll call was taken with a quorum present consisting of the following Board Members:

Ann V. Urling - Representing Governor James C. Justice, II
John B. McCuskey – State Auditor
Josh Stowers – Representing Treasurer John Perdue

Also in attendance were:

Kent Hartsog, WVSAO
Rick Pickens, ERP Board
Tom Augustine, CGI
Greg Bailey, WVDOT
Carla Rotsch, WVDOT
Matt Ellison, ERP Board
Malissa Hohmann, ERP Board
Jeff Waybright, WVSAO
Lisa Hopkins, WVSAO
Lea Ann Richards, WVSAO
Misty Price, WVSTO

II. Approval of Minutes of June 22, 2017 Meeting

Auditor McCuskey moved that the Minutes from the June 22, 2017 be approved. All members voted to approve the minutes.

III. Timeline

Mr. Hartsog discussed the timeline for *wv*Oasis projects which include year-end processing of W2's and 1099s and the last year using EPICS. Mr. Hartsog stated that without significant EPICS cost, there is a potential of $1 million in savings.

IV. Achievements

Mr. Hartsog acknowledged project achievements. State employees are able to run the system and perform all functions, as long as operations go smoothly. Five employees in *wv*Oasis and the Auditor's Office rotate the running of payroll/financial functions. State employees are trained on all daily tasks at this point. Marshall and WVU both went live as scheduled in August and September 2017. *wv*OASIS Financial and IT groups, Auditors Office Payroll and IT groups and the Treasurers Office did an excellent job with the roll-out in cooperation with Marshall and WVU. A few other achievements that Mr. Hartsog discussed were the completion of two year-end closings and the budget year-end roll over. Everyone worked well together.

V. HRM Payroll Schedule Changes

Mr. Hartsog advised of a few payroll schedule changes including changing the cut -off for payroll from 2:00 p.m. to 12:00 p.m. on Friday. This move reduces overtime and increases the time interval for finalization of payroll which begins on Friday night. The change improves the time worked through the night and is improving the overall total cycle time. In January 2018, two additional changes are planned. One change is to move the cut-off time again from 12:00 p.m. to 11:00 a.m. to gain another hour. The second change is to eliminate the second day of "pull offs". Agencies will only have Mondays to perform any changes. It gives another day of payroll cycle time so that payroll will be finalized on Tuesday morning instead of Wednesday morning. Therefore, payroll is given to the Treasurer's office a day earlier and provides them extra time to review and if necessary resolve any problems. It will also thereby reduce risks by allowing time to fix any problems. The effective date is January 12, 2018.

VI. Training

The training focus has been on small group specialized training. The *wv*Oasis team has mediated agency issues and improved agency communications. Mr. Stowers commented that the training is demonstrating that outreach improves issue resolution.

VII. *wv*OASIS Project Management

A. JIRA Update

Mr. Hartsog confirmed that the new problem resolution process is still working well. There have been a large number of assigned CGI tickets and State tickets that have been closed this year.

B. Knowledge Transfer

The Knowledge Transfer Plan was implemented and is projected to be completed by April 30, 2018. Internal meetings are scheduled every month to review status and the Dataview team has provided assistance.

Kronos Upgrade

Mr. Hartsog indicated that the Board would need to upgrade and make a decision to either continue on our servers or go to the cloud. The project will send out Request for Proposals in late December or early January and then make a recommendation to the Board hopefully in February or March 2018 for approval.

C. Transparency Site

Mr. Hartsog advised that the Transparency Site is projected to be completed in February 2018. *wv*Oasis provides a support role with that endeavor.

D. Virtual P-Card

Mr. Hartsog informed the Board that the Virtual P-Card expected rollout is February 2018 and *wv*Oasis also maintains a support role with the project.

E. Travel

Mr. Hartsog advised that the travel system has significant issues and performance has not been consistent. The mileage calculation does not function appropriately, the system drops documents and the system is inoperable at times. Until problems are resolved, additional agency rollout is not possible. Mr. Augustine, Vice President of CGI, advised that it is important to provide detailed information to CGI as quickly as possible to help resolve these issues.

F. CGI Status

Mr. Hartsog discussed Amendment 11 to the CGI Contract which will have two components. The first component is upgrade of the Advantage

Software to version 3.11 which was included in the original contract but was removed as part of Amendment 7 with an option to purchase at a cost of $1.7 million. The upgrade was removed to fund the pool of hours which has been utilized.

The State has the option to place this back into the contract prior to the expiration of the CGI Contract. Mr. Hartsog recommended that the Board approve the purchase. The second component of the amendment relates to the pool of hours which has been to paid CGI to help support the system. That is expected to expire in February or March 2018. However, we will continue to need assistance from CGI going forward. The cost of additional support would be $125.00 per hour. Mr. Hartsog requested approval from the Board to adopt Amendment 11 based upon the previously listed reasons.

Ms. Urling moved that the Board adopt Amendment 11 to the contract with CGI Technologies and Solutions Inc., to include both the system upgrade authorized by paragraph V. of Amendment 7 and to include payment for system support and necessary enhancements that are outside the scope of the current maintenance agreement to be paid on an hourly basis during the time period between the depletion of the Pool of Hours and the end of the contract term occurring on December 11, 2019. Mr. Stowers seconded the motion. The motion carried unanimously.

VIII. ERP Financials

A. ERP History

Mr. Hartsog provided the following brief history:

This project was conceptualized in 2008. In 2010 a contract was issued to IS&G for implementation services. The ERP legislation was introduced in 2011 and the timeframe originally contemplated a 7 year implementation. The project is within that timeframe.

In 2011 a contract was issued to CGI for software solutions and services. The budget package and Phase A went live in August 2013; and Phase B in February 2014 for Right of Way, Utility and Railroad Relocation, Safety Management, Transportation Assets, etc. Phase C went live in July 2014 for financials and Phase D for HRM/Payroll went live in May 2015 for Wave 1; May 2016 for Wave 2 and Wave 3 went live in May 2017. Marshall and WVU interfaced a financial file beginning in August and September and all agencies are off of EPICS at this time.

1. Next Mr. Hartsog discussed the ERP revenue history. The general revenue allocation should be set up for modification and deployment of the system. The User Fee was anticipated to carry out the day to day, month to month, cost once the system was implemented and stabilized. The User Fee was set originally in 2015 for $200.00 per person and has remained that amount. It was noted that if the timeline and components were reviewed it would be confirmed that this project is on schedule and under budget.

   The project has paid CGI approximately $114 million through October 31, 2017; and has paid consultants approximately $24 million through that same time period. Personnel costs and operating expenses approximate $27 million.

B. ERP Financial Recap/Projection

As of November 1, 2017, estimated cash on hand is $8,571,000.00. The revenue forecast for 2018 is $4,668,000.00 which does not include the collection of past due user fees in the amount of $1,200,000.00 from the West Virginia Supreme Court for fiscal years 2015-2018. A supplemental appropriation has been requested. Three reasons for needing the supplemental appropriation: (1) CGI fixed payments of approximately 3,000,000.00 that were moved out from prior years (2) Supreme Court's non-payment, and (3) the inadequacy of the User Fee amount.

C. ERP Forecast 2017/2019

The 2017, 2018 and 2019 forecast provide the different expenses which include the cost of the Advantage Upgrade, Phase E Cost and reimbursement, and other normal operating expenses. Mr. Hartsog requested a resolution to approve the forecast.

Mr. Stowers moved the Board ratify Forecast 2017-2019 as presented. Ms. Urling seconded the motion. The motion carried unanimously.

IX. New Business:

A. User Fee

Mr. Hartsog discussed the history of the User Fee which was effective on July 1, 2014 at $200.00 per person and hasn't been adjusted since. Originally that fee was expected to increase to $400.00-$500.00 to support *wv*Oasis but the fee was never increased. During the last two fiscal years the funding shortage was resolved through Supplemental Appropriations from the Legislature. *wv*Oasis received a $3.3 million appropriation last year and is requesting an additional $4.5 million. The fiscal year 2019 forecast shows a funding shortage of $3.0 million, which when divided by 41,145, the expected users (which excludes the Supreme Court), results in an approximate $75.00 deficit. Therefore, the project requests that the Board pass a resolution to increase the fiscal year 2019 User Fee from $200.00 to $275.00 per person.

It was noted that the spending forecast from fiscal year 2018 to fiscal year 2019 is expected to decrease by $5.7 million due to the completion of the first segment of Phase E and lower payments to consultants. Ms. Urling made a motion that the Board increase the ERP user fee from $200.00 per FTE to $275.00 per FTE to assist in maintaining the operational and maintenance requirements of the ERP system. Mr. Stowers seconded the motion. The motion carried unanimously.

B. ERP Board Office Move

Mr. Hartsog discussed the move of the ERP Board Office to a new location at 1007 Bullitt Street, in Charleston, WV. The move will result in a nicer facility and approximately $135,000.00 in annual savings. Mr. Hartsog requested that the Board ratify the decision to move the ERP Board Office. The move is estimated for early January 2018. The lease was executed by the WV Real Estate Division.

In accordance with the provisions of Board Resolution Number 3, Mr. Stowers moved that the Board ratify the new office lease agreement executed by the Department of Administration on behalf of Auditor McCuskey on November 29, 2017. Ms. Urling seconded the motion. The motion carried unanimously.

X. Phase E – Update

A. TOPICS

1. Mr. Augustine began the Phase E Update with a discussion of the high level schedule on page 3 of the Phase E Discussion presentation. Mr. Augustine was pleased to report that the schedule is still intact with expected completion of the project in June.

2. The Business Transformation Team and the Department of Transportation Division have worked to align their vision, define their scope and identify tasks both from a system and organization standpoint to complete the full project. CGI is focusing on the implementation of the first wave, however, DOT has asked CGI to assist with completion of the full project of FHWA Certification. CGI has had a team on-site for several months and they have a number of deliverables that have been completed. They had input from all of the key stake holders including the *wv*Oasis team. They are converting data, finalizing interfaces and performing integration testing that will continue till February. Then they will go into full UAT testing and FHWA Certification.

   Mr. Bailey, from the Department of Transportation, confirmed that the project is progressing well and that they have been able to do a lot of work simultaneously. He indicated the DOT's appreciation of the cooperation from everyone that has assisted with this project. Carla Rotsch was introduced as the new Deputy Secretary/Business Manager for the Department of Transportation.

XI. Executive Session

The Chair moved that the Board go into Executive Session to discuss contractual issues. Mr. Stowers seconded the motion and it passed unanimously. Following the Executive Session, the meeting was resumed. No action was taken by the Board.

XII. Adjournment

As there was no further new business before the Board and nothing on the agenda, Mr. Stowers moved to adjourn the meeting at 2:47 p.m. Ms. Urling seconded, and the motion carried unanimously.

Prepared by:

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The Honorable State Auditor John B. McCuskey
ERP Board Secretary

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The Honorable Governor James C. Justice, II
ERP Board Chair