



Monterey County

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Board Report

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Approve and authorize the Auditor-Controller to execute Amendment No. 1 to CGI Technologies SOW 12 to include an increase of \$1,589,908 for a new total of \$9,804,801, and to extend implementation deadlines. (4/5ths vote required.)

RECOMMENDATION:

It is recommended that the Board of Supervisors:

Approve and authorize the Auditor-Controller to execute Amendment No. 1 to CGI Technologies SOW 12 to include an increase of \$1,589,908 for a new total of \$9,804,801, and to extend implementation deadlines. (4/5ths vote required.)

SUMMARY:

In mid- June 2016 the Auditor-Controller filled the position of Chief Deputy Auditor-Controller, Systems. The new Chief Deputy has conducted a review of ERP System Maintenance as well as the need for resources for the ERP Upgrade Project. While there have been prior budget requests for the resources to staff the ERP project, these requests did not include the information revealed by the review of the technical (Systems) expertise needed to ensure a successful outcome.

CGI Scope of work 12 consisted of County of Monterey doing: development, support and environment build work for the ERP Upgrade project. Current County of Monterey staff do not have sufficient technical knowledge, nor does the County have sufficient levels of staffing. The risk presented to the ERP Upgrade as a result of not having enough knowledgeable technical resources has become an overarching issue for implementation.

As there are not enough technical resources allocated to the ERP project and CGI has expertise in both County of Monterey and their product implementation, County of Monterey is looking to increase the ERP Capital Project budget for a number of services, deliverables development and support. Staff augmentation for 6 months of technical support to cover Extract Transform Load (ETL), environment development, and configuration management for the new 3.10 environments will be at a cost of \$387,600. This support is needed until our staff managing the 3.7 operations environment can be available to manage the new environments.

This increase in the ERP Capital Project budget FY16-17 also includes a delay in the implementation of the Advantage Financial and Human Resource modules of CGI Advantage requiring CGI subject matter experts at a cost of approximately \$289,830 (FIN) and \$578,080 (HRM); and an additional \$119,630 for Performance Budget and Financial Application and Report Development (1 Interface, 10 Financial Reports, 15 Performance Budget Reports) ; \$220,800 for Human Resource Management Reports (35 Human Resource Management

Reports) and the purchase of WebSphere Software license needed for additional environment development at a cost of \$27,720 plus annual maintenance fee of \$5,198.

DISCUSSION:

CGI Technologies Advantage Version 3.7 had reached the end of useful life. Likewise, the hardware produced by IBM to run version 3.7 and Microsoft windows server software has reached end of life and is not available for recovery. The County began the process in the Fall of 2015 with an overall review of the current Enterprise Resource System 3.7 (ERP System). In March 2016 the County began the process of upgrading to include moving Advantage Performance Budget (PB), Advantage Financial (FIN) and Advantage Human Resource Management (HRM) from version 3.7 to 3.10. To date the project has achieved a successful transition for PB which went live on December 19, 2016.

In mid- June 2016 the Auditor-Controller filled the position of Chief Deputy Auditor-Controller, Systems. The new Chief Deputy has conducted a review of ERP System Maintenance as well as the need for resources for the ERP Upgrade Project. While there have been prior budget requests for the resources to staff the ERP project, these requests did not include the information revealed by the review of the technical (Systems) expertise needed to ensure a successful outcome. To that end Staff Augmentation for 6 months of technical support for ETL and environment setup is to be provided by CGI to County of Monterey for \$387,600.

At the behest of the Board of Supervisors, Project Management for the ERP Upgrade went out to Request for Proposal in May 2016. The Agreement for Project Management was awarded to Plante & Moran, PLLC on July 1, 2016. Due to the abrupt change in project management, Plante & Moran has taken some time to: become accustomed to overall position of the County in the upgrade process, CGI Advantage software, the processes and procedures of the County, availability of County resources vs. CGI and PlanteMoran personnel needed to complete the project. Due to these circumstances, the FIN portion of the ERP Upgrade Project has experienced delays and now conflicts with allocation of much needed Subject Matter Experts. CGI will need to be available for support nine weeks past the time originally allocated to supplement that by extending the time for script writing, review and User Acceptance Testing to confirm delivery of quality product that meets County needs. The new scheduled go live date will be April 24, 2017 rather than February 21, 2017. This delay in implementation and extension of CGI support translates to additional resource costs of approximately \$289,830.

Performance Budget and Financial Application Interface and Report Development have been identified as an ongoing project issue. Overlapping duties by limited resources of development, configuration management activities and updating Operations procedures and processes mean less than full coverage in this area. This CGI expertise in development would free up the County of Monterey personnel resources to finish development of Monterey specific artifacts. This covers the FIN & PB interface and reports development for \$119,630.

The rescheduling of resources would mean that Advantage HRM would be scheduled to go live September 7, 2017 rather than March 17, 2017. The delay in implementation and extension of CGI support translates to additional resource costs of approximately \$578,080. To this is added the cost to create additional HRM reports for \$220,800.

WebSphere Software License Acquisition (210PVUs): the County of Monterey is currently out of compliance and needs to purchase more WebSphere Software Licenses to support the new non-production development environment which allows for standard InfoAdvantage development and testing prior to release to Production. WebSphere license cost is \$27,720 plus an annual maintenance fee of \$5,198. CGI is applying a credit of \$38,950 for interface removal.

The availability of full time staff for technical maintenance and Subject Matter Experts (SME) for the upgrade has not been consistent. This introduces risk to the delivery and support of the ERP Upgrade project. As this is a Capital Improvement Project treating County resources, specifically permanent staff, as ongoing sources for both the Upgrade and Production support means that a review is necessary of the staff that have been allocated to the ERP Upgrade and if their skill levels meet our expertise needs. To date, there are gaps that have not been addressed and it is the intention of the Chief Deputy, Systems to discuss these in more detail at the next Finance Committee and Board of Supervisors meeting in February.

OTHER AGENCY INVOLVEMENT:

The County Administrative Office has been consulted in the preparation of this recommendation. This item was supported by the Budget Committee on January 25, 2017.

FINANCING:

Amendment No. 1 to SOW 12 will be financed through the ERP Systems Upgrade Cost Allocation to County departments.

Prepared by: Corinna Martinez, Chief Deputy Auditor-Controller Systems, 755-5021

Approved by: Michael J. Miller, CPA, Auditor-Controller, 755-5040

Attachments:

CGI Statement of Work 12

Amendment No. 1 to CGI Statement of Work 12

CGI Amendment Proposal PowerPoint