

MONTEREY COUNTY



AUDITOR - CONTROLLER


(831) 755-5040 • FAX (831) 755-5098 • P.O. BOX 390 • SALINAS, CALIFORNIA 93902

MICHAEL J. MILLER, CPA, CISA
AUDITOR-CONTROLLER

ALFRED R. FRIEDRICH, CGFM
ASSISTANT AUDITOR-CONTROLLER

September 10, 2014

To: Supervisor Louis Calcagno
Chair of the Monterey County Board of Supervisors

From: Michael J. Miller, CPA 

Subject: Responses to the Questions Posed by your Board Regarding the September 9, 2014
Consent Item #27

Here are the responses to the questions (attachment A) posed by your Board regarding the September 9, 2014 consent item #27.

Question #1:

- a) As with any new technology, given the unknown variables, it is not possible to determine how long the upgraded version will serve the needs of the County.
- b) The cost of the initial implementation as of July 29, 2014 is \$11,037,249.69 (see attachment B). Given our budget of approx. \$1 billion, this is 1.1% of the budget. Spread out over the 8 year life of the current application, that is approximately .14% per year.
- c) The upgrade is expected to take between two and three years to implement.
- d) See b. above.

Question #2:

- a) Subject matter experts (SME) are the individuals that have served in their respective operational and/or supervisory areas of responsibility within the County. Each department head responsible for any certain aspect of the process(es) being implemented makes the determination who will represent them in the implementation effort as their SME(s).
- b) It is an incorrect assertion that "the SME's on the first round missed some fundamental matters". To my knowledge there are two factors contributing to calculation differences;
 - a. pay events that were never formally approved by the Board that were in the old system, and therefore, not documented.
 - b. pay events approved by the Board that contained conflicting or unclear language.

Question #3:

The "new location" is in a County leased facility, utilizing unoccupied space.

Question #4:

"Operational Project Deadlines" is a generic term meaning that the positions remaining in the Office to run the Budget, Debt Management, HR/Payroll, Accounting, etc. are able to meet the normal, seasonal and unanticipated demands of the County's operations. Without these positions, no SME would be able to be assigned to the implementation project.

Question #5:

- a) During the implementation - to assist in the daily operation of the HR/Payroll portion of our ERP. This will free-up a more experienced "BA" to concentrate on clearing the backlog associated with the bargaining agreements previously approved by the Board, while at the same time helping to assure that payroll is processed on schedule. The current level of resources available in my Office does not allow for this.
- b) Post implementation – to help manage the 97,000+ active pay events associated with the HR/Payroll portion of our ERP, man the help desk, assist in implementing new pay events as approved by the Board, help develop and produce requested HR/Payroll related reports, and participate in running daily processes so that payroll may be processed and paid every two weeks. The current level of resources available in my Office does not allow for this.

Question #6:

- a) See 5.a above

Question #7:

- a) Capital Projects funding
- b) As was the case with the initial implementation, the general fund would cover the cost of staff that have not attrited, or that staff may fill permanent positions elsewhere in the County, given the depth of experience gained throughout the implementation.

Cc: County Board of Supervisors
Lew Bauman

Questions:

WHEN WILL ANNUAL LEAVE BE OPERATIONAL?

1. How long will this version last? How much is the cost of the software? How long will it take to upgrade? How much has already been spent on software , hardware , software upgrades and extra staff to date?
2. How are subject matter experts determine and or qualified. To be honest, the SME's on the first round missed some fundamental matters such as SEIU 521 overtime which resulted in a 3 year legal battle with the County.
3. How much will the "new location" cost, how is that paid for? Are there empty county locations that can be used?
4. What are the operational project deadlines mentioned?
5. What are the task/duties the BA will be assigned to for HRM/Payroll.
6. Current task from MOUs still have 41 left to finish, what happens to those task?
7. This is for 564,000 but the total cost is estimated at 1,695,000, where does the rest of the money come from? What happens if the department does not have attrition – do other departments cover the cost of these staff going forward?

CGI Agreement and Amendment Summary

Addition	Description	Amount	Total Additions	Sub Totals	Period
Master Agreement	BoS approved - April 1, 2008	8,184,622.00			
Statement of Work No. 1 - Amendments 1-6	Licenses and modifications	553,287.50			
Statement of Work No. 2 - Amendment 1	Assist with Advantage Financial and HRM implementation issues	114,000.00			
Statement of Work No. 3	Assist with Advantage Financial and HRM implementation issues	150,100.00			
Statement of Work No. 1 - Amendments 7-8	HRM Go-Live Extension	408,000.00	9,002,009.50		
Statement of Work No. 5	Advantage HRM post production support	198,360.00	9,410,009.50		
License Amendment 4	Software license addition	1,482.00	9,608,369.50		
Adjustment (SOW 5 & Amendment 4)	Purchasing Officer allowed \$200,000 for "as needed"	158.00	9,609,851.50		
Statement of Work No. 6	Advantage HRM post production support	304,000.00	9,914,009.50	9,914,009.50	Build-Implement to Go-Live
Statement of Work No. 4	HRM configuration & Advanced Training development	161,500.00			
Statement of Work No. 1 - Amendment 1	Investment Wave Modifications	6,650.00			
Statement of Work No. 1 - Amendment 11	Convey Taxport - 1099 Reporting	17,200.00	10,099,359.50		
Statement of Work No. 7	WinCams Interface - RMA	70,300.00	10,169,659.50		
Statement of Work No. 9	NMC - Development of two interfaces	15,200.00	10,184,859.50		
Statement of Work No. 8	Elections, MOU Configurations & HRM Post Implementation	152,000.00	10,336,859.50		
Maintenance	Support not included in April 1, 2008 Agreement	157,691.19	10,494,550.69		
Statement of Work No.10	MOU Configurations and HRM Post Implementation	152,000.00	10,646,550.69		
Statement of Work No.10 - Amendment 1	Advantage Systems support	100,700.00	10,747,250.69		
Statement of Work No.10 - Amendment 2	Advantage Systems support	190,000.00	10,937,250.69		
License Amendment 5	SAP, Dashboard, Bus Analytics	99,999.00	99,999.00	1,123,240.19	Additions after Go-Live

TOTAL 11,037,249.69

11,037,249.69