AGENCY: Department of Financial Services (DFS) | July - September 2015

PROJECT: Florida Planning, Accounting, and Ledger Management (PALM)

PROJECT DESCRIPTION

The PALM project is to replace the Florida Accounting Information Resource Subsystem (FLAIR) and the Cash Management Subsystem (CMS) with a core Enterprise Resource Planning (ERP) solution. The project is currently in the Pre-Design, Development and Implementation (Pre-DDI) phase and consists of four tracks: Business Process Standardization (BPS), Project Management Office (PMO) including procurements, Organizational Change Management (OCM) including Workforce Transition (WFT), and System and Data Strategy (SDS). The project's goal is to procure and contract with a Software and Systems Integrator (SSI) in 2017. The actual date will be determined after re-planning to account for a more thorough procurement process and for appropriated budget. The Pre-DDI phase will be considered complete upon receiving the initial vendor responses to the procurement. Then, a transition period will occur between this phase and the next phase, DDI 1.

SCHEDULE DATA

Start Date	Planned End Date*	Actual / Forecasted End Date
May 19, 2014	July 3, 2017	July 3, 2017

*Pre-DDI Phase

VARIANCE INDICES

Schedule (SPI)	Cost (CPI)
Not Available	Not Available

COST DATA

Appropriated Budget for Fiscal Year 2015-16	Planned Project Budget for Fiscal Year 2015-16	Planned Expenditures to Date for Fiscal Year 2015-16	Actual Expenditures to Date for Fiscal Year 2015-16
$11,326,519	$11,317,418	$4,448,613	$589,851

KEY PROJECT PERFORMANCE INDICATORS

OVERALL PROJECT STATUS 79%

HIGH RISK | MEDIUM RISK | LOW RISK

KPI Scoring Legend

71.99% - 0%	High Risk
85.99% - 72%	Medium Risk
100% - 86%	Low Risk

SCOPE MANAGEMENT 71%

The project scope is within the acceptable variance range for the reporting period. The scope of the project as documented in the project artifacts currently aligns with the FLAIR Study and approved scope changes.

Scope Management presents high risk, as there were multiple approved scope changes as documented in Project Change Requests (PCRs) 3, 4, and 5. Also, scope concerns were raised as a result of a vendor forum and workshops held with key stakeholders to review updates to current business processes and requirements.

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SCHEDULE MANAGEMENT 78%

The project schedule is within acceptable variance range for the reporting period based on the schedule developed by DFS which reconciles assumptions made in the FLAIR Study. During the reporting period, there were never more than three late tasks, which were milestones, and up to 26 lagging tasks.

Schedule Management presents medium risk, as the project schedule is still not cost-loaded nor totally baselined in a manner that allows for earned value analysis or for critical path management to accurately depict the status of the project.

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COST MANAGEMENT 78%

The project costs exceed the acceptable variance range for the reporting period. Actual spending is 10 percent less than planned.

Cost Management presents medium risk. Since the fourth quarter of Fiscal Year 2014-15, a Spending Plan was developed that shows the monthly breakdown by major category. However, it doesn't maintain the originally planned vs. actual expenditures for historical months.

Also, the release of funds based upon submittal of the Project Management Plan has not been received to enable the project to meet established contractual obligations.

RISK MANAGEMENT 89%

Risks were not stable during the reporting period. Two risks with a very high risk score (probability of occurring is high and impact is high if occurs) were opened as a result of budget release concerns. Three other risks were also opened. In addition, three risks that were high/critical based on their probability and impact were downgraded while six were upgraded.

Risk Management presents low risk. The project continues to demonstrate the ability to identify, monitor, and mitigate project risks through defined processes as documented in the Project Management Plan.

ISSUE MANAGEMENT 88%

Issues remained stable for the reporting period. There are no open issues.

Issue Management presents low risk. The project did not have any issues this reporting period. The project has an issue management process documented in the Project Management Plan.

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SCOPE MANAGEMENT

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In addition, the project has not been able to fill the OCM Manager position. The project team needs to monitor the situation for any risks and issues that might occur.

SCHEDULE MANAGEMENT

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Since the fourth quarter of Fiscal Year 2014-15, the project schedule was partially baselined and deliverable amounts associated. AST is working with the project team to baseline the remainder of the schedule in accordance with best practices and insight as to how other agencies accomplish this activity. The master schedule also does not contain sufficient detail to determine if additional track sub-tasks are on schedule without the track schedules.

SDS and OCM support service procurements are not complete, raising concerns of on-schedule completion of SDS and OCM deliverables with the tasks having to be completed solely by department staff.

COST MANAGEMENT

RISK MANAGEMENT

ISSUE MANAGEMENT

SUMMARY OF KEY PROJECT PERFORMANCE INDICATOR CATEGORIES

SCOPE

Scope Observations: The project scope is within the acceptable variance range for the reporting period. The scope of the project as documented in the project artifacts (Project Charter, Project Management Plan, and the Work Breakdown Structure [WBS] contained in the partially baselined project schedule) currently align with the FLAIR Study and approved scope changes. The FLAIR Study did assume that the current payroll subsystem would be replaced, but acknowledged there were many options for the project to consider and that the timing was dependent on the PeopleFirst contract renewal. Timing is now such that the PeopleFirst system will undergo modifications at the same time as Florida PALM which was seen a high risk; thus, the decision was made to make minimal modifications to payroll in Florida PALM at this point in the project and not include payroll in the initial ITN. The AST recommends that the project create another decision regarding both timing and circumstances upon which full FLAIR payroll functionality will be addressed. The project team opened Decision 85 in response to this recommendation in October (which is outside of this reporting period). Proviso language associated with funding contained in the Fiscal Year 2015-16 General Appropriations Act requires the completion of certain project planning documents and ties the release of budget authority to the delivery of these documents. In addition, the procurement strategy and requirements validation process was modified, which caused a new deliverable to be added to the BPS track. The addition of the project deliverables, some which were based on feedback from key stakeholders, added scope to the project and caused cost and schedule impacts.

In the reporting period, stakeholders raised questions regarding the project's scope as a result of workshops held to review requirements. The project referenced "Level 2" in the workshop title which has a specific meaning in the context of organizational codes in FLAIR. This led to questions regarding the inclusion of Departmental FLAIR functionality in the scope of DDI Phase 1. However, the project team was referencing "Level 2" in the context of business process mapping, which is a certain level of detail. Questions were also raised as to whether or not the Information Warehouse was still in scope. The project team should look for additional opportunities to clarify terms and scope to further a common understanding.

As of this reporting period, seven out of the ten (10) procurements have been executed: BPS support (February 17, 2015), procurement support (March 16, 2015), one PMO1 support services (March 26, 2015), one outside counsel for procurement legal support (June 29, 2015), IV&V (August 25, 2015), outside counsel for ERP support (August 26, 2015), and PMO 2 support services (August 12, 2015). All tracks were expected to be running simultaneously and it is unclear if any timing of support services across the tracks might cause project rework with the tracks being out of sync, necessitating possible changes in scope to ensure delayed tracks can be brought into alignment.

DFS has not been able to fill the OCM Manger position. The project reported that the resource issues were alleviated with resources being replanned in the project schedule for Fiscal Year 2015-16, but this is not portrayed or inherent in the current project schedule. The project team needs to continue to actively recruit for this position and monitor for any risks and issues that might occur due to the delay in hiring and the reallocation of duties (which are currently managed by the Project Director).

Operational policy and procedure decisions must be made to support processes and requirements identified in the BPS track and in support of the ITN. The steps required to make these decisions, and the impact of the decisions, on the project scope, schedule, and cost are unclear. The project must also ensure that any decisions or required changes to scope, as well as schedule and cost, adhere to approved governance and change control processes as documented in the approved Project Management Plan.

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Scope Management: Scope Management presents high risk. Even though scope changes went through the project's change control process and were analyzed for the impact to schedule and cost before decisions were made, there is a lack of understanding between key stakeholders regarding the scope of the project being implemented as compared to the FLAIR Study. The payroll decision, which applies to the current ITN, is seen by some stakeholders as de-scoping the project. In addition, some stakeholders are unclear as to the functionality that is actually going to be included in the project (i.e., Departmental FLAIR and the Information Warehouse).

To clarify these and other scope-related questions, AST recommends the following:
1) Clarify the scope for each phase of the Florida PALM project, specifically addressing the following:
   a. DDI Phase 1 Scope
   b. DDI Phase 2 Scope
   c. Possible additional phases
   d. Central FLAIR and Departmental FLAIR functionality and how it will be addressed
   e. Information Warehouse
2) With the decision not to include FLAIR payroll in the initial ITN for Phase 1, the Florida PALM project should document a new decision describing both the timing and circumstances upon which FLAIR payroll will be addressed. The project team opened Decision 85 in response to this recommendation in October, which is outside of this reporting period.

SCHEDULE

Schedule Observations: The project schedule is within the acceptable variance range for the reporting period. There were never more than three late milestones, and up to 26 lagging tasks, during the reporting period. The project schedule is still not fully baselined to enable earned value analysis to objectively measure the true performance of the project. Progress was made, as non-procurement related tasks are baselined. Any impediments causing the entire schedule to not be baselined need to become issues and be resolved in a timely manner. The master schedule does not contain sufficient detail to determine if track sub-tasks are on schedule as each track has its own work plans/schedules. It is not evident how each of the individual track plans/schedules are linked and how inter-track dependencies are monitored to effectively manage not only the project but also the project's critical path and performance. In addition, the critical path changed several times during this reporting period due to PCRs 3, 4, and 5, and the rolling wave concept employed in developing the schedule. Without the entire schedule baselined and accurate critical path control in place, it is difficult for the project team to accurately monitor those tasks that could impact downstream dependencies, and ultimately, milestone and key deliverable dates. DFS is mitigating this risk through a dedicated scheduling resource. PCR 3 also extended the project end date by about four months.

Schedule Management: Schedule Management presents medium risk. AST recommends that the project team work toward an integrated, baselined master project schedule to support earned value analysis. The WBS in the schedule should define all deliverables, milestones, tasks, and resources (with associated costs) required to complete the project based on the approved project scope. In addition, every detailed task and milestone in the project schedule should be linked to accurately depict their impact, if any, on the critical path, other tasks, and on the timely completion of the project. After all tasks are correctly defined and baselined, DFS and AST can objectively assess project performance through the use of the Schedule Performance Index. AST is working with the project team to baseline the procurement tasks based on best practices and insight into how other agencies have accomplished this activity. If the project team decides to maintain individual track work plans/schedules as well as the master schedule, AST recommends that the project update the Project Management Plan to document how the individual track work plans/schedules will be managed and integrated with the master schedule. This should include depicting the true critical path and measuring total project performance to effectively manage the project. Any schedule change needs to continue to go through the approved governance and change control process as documented in the Project Management Plan.

COST

Cost Observations: The project costs exceed the acceptable variance range for the reporting period, as the planned amount is 10 percent more than the actual spending. BPS, SSI Procurement, PMO, and IV&V all have had planned expenses this reporting period that were shifted to later in the project. It should be noted that the planned budget does not materially change when measured for the fiscal year; the variability is in the planned-to-actual spending per month. Salaries and Benefits costs are also below what was planned. Nineteen of the twenty-five (25) positons are filled.

PCR 3 also caused changes to the overall cost of the BPS and SSI Procurement contracts (a deliverable was added to the BPS track and the SSI Procurement track was extended due to the revised project end date). The project reallocated funds from other budget categories to cover the increases so the overall planned budget was not impacted.

The project realized a cost-related risk in October, as funding was not released as expected; thus, the project does not have sufficient funds to meet contractual obligations.

Cost Management: Cost Management presents medium risk. The project has a Spending Plan for Fiscal Year 2015-16 with month-by-month planned expenditures. However, after each month, the spreadsheet is modified to show only actual expenditures for the month(s) past. The absence of the planned expenditures at the end of each month(s) could mislead stakeholders by obscuring large variances in planned vs. actual costs incurred on the project, as well as not completely depicting how project funds have been allocated and then reallocated during the fiscal year. AST recommends that the project retain the planned expenditures and add the actual expenditures.

Further, the project schedule is neither cost-loaded nor baselined in a way to be able to objectively assess project cost performance using earned value analysis. AST recommends that the integrated, baselined project schedule support earned value analysis so that DFS and AST can objectively assess project cost performance, including monitoring work performance against funds expended and understanding the variances from the approved cost baseline through the use of the Cost Performance Index.

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RISKS

Risk Observations: Risks have not remained stable for the reporting period. Two new high risks were opened. The first risk deals with proviso contained in the Fiscal Year 2015-16 General Appropriations Act that addressed when the ITN could be released. The proviso also included a new deliverable, the development of a data management plan (Risk 85). The second risk relates to the potential schedule and cost impacts as a budget amendment for the release of funds is necessary in order to make a payment for a deliverable for Cycle 1 requirements (Risk 88). High Risk 85 was subsequently closed as a result of two approved project change requests modifying the scope, schedule, and cost of the project to include the development of the data management plan, further requirements validation by agency staff, and a revised procurement strategy to release the full ITN and not to request costs prior to that release. The outside counsel was consulted for input regarding the procurement strategy. In addition, three project risks were downgraded in probability and impact from being high/critical to high/moderate (Risk 2), high/important (Risk 26), and low/critical (Risk 43). However, six project risks were upgraded to high/critical (Risks 19, 31, 39, 46, 50, and 53).

Risk Management: Risk Management presents low risk. The Project Management Plan includes a Risk Management Plan that documents how risks will be identified, analyzed, and monitored. The project team maintains a risk register and holds regular risk review meetings. The PMO risk register was updated to include the project risks for all tracks so that all risks are tracked by the risk manager (PMO support services vendor). Risk mitigation strategies were added to more than just the high risks but not to all of them. Cost management, schedule management, the acquisition of staff, and the execution of procurements were registered as risks. High risks are currently reported monthly to stakeholders via the monthly status report. In addition, the project team did start sharing the entire risk register with stakeholders in the September monthly status update documentation.

ISSUES

Issues Observations: Issues remained stable for the reporting period. However, the project team will likely accept a deliverable which requires a release of funds to pay the vendor for the deliverable . The release of funds, documented via Risk 88, will become an issue if the deliverable is accepted without the funds being released (the risk was realized on October 7, 2015, with the acceptance of BPS11 - Business Requirements Cycle 1, resulting in Issue 7).

Issue Management: Issue Management presents low risk. The Project Management Plan does include an Issue Management Plan that documents how issues will be identified, analyzed, monitored and resolved. Discussion of project issues, when applicable, occurs weekly between the project team. Issues are currently reported monthly to stakeholders via the monthly status report.