



**Department of Financial Services**

**Florida Planning, Accounting, and Ledger Management (PALM)**

**Quarterly Project Oversight Report: Comprehensive Review**

**For Period: January – March 2015**

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<b>Quarter Ending:</b>	3/31/2015
<b>Agency Name:</b>	<b>Department of Financial Services</b>
<b>Project Name:</b>	<b>Florida PALM</b>
<b>Project Description:</b>	<p>The Florida Planning, Accounting, and Ledger Management (PALM) project is to replace the Florida Department of Financial Services' (DFS) Florida Accounting Information Resource Subsystem (FLAIR) and the Cash Management Subsystem (CMS) with a core Enterprise Resource Planning (ERP) solution. This solution was recommended by the FLAIR Study completed in 2014. The FLAIR Study recommended an approach that divided the project into three (3) Design, Development and Implementation (DDI) phases: Pre-DDI, DDI 1 and DDI 2. The project is currently in the Pre-DDI Phase which is focused on planning, business process standardization, requirements development and the procurement of the ERP solution with an ultimate goal of procuring and contracting with a Software and Systems Integrator (SSI) by January 3, 2017.</p> <p>The Pre-DDI phase consists of four (4) tracks:</p> <ol style="list-style-type: none"><li>1. Business Process Standardization (BPS),</li><li>2. Project Management Office (PMO) including Procurement Support,</li><li>3. Organization Change Management (OCM) including Workforce Transition (WFT), and</li><li>4. System and Data Strategy (SDS).</li></ol> <p>The tracks are consistent with the recommendations of the FLAIR Study. The project team also plans to include outside counsel and Independent Verification and Validation (IV&amp;V) activities within the PMO track.</p> <p>Funds were also provided to contract with a vendor to review the FLAIR Study to validate and verify the study's recommendations.</p>



## Section I: Executive Summary

### Executive Summary

**Scope:** The project scope is within the acceptable variance range for the reporting period and conforms to the FLAIR Study.

**Cost:** As of this reporting period, the project is trending towards being under budget for FY 2014-15 as compared to the allocated funds for the fiscal year. The variance can be explained by the hiring of project FTEs and initial procurements for the project requiring more time than the FLAIR Study provided. Thus, expenditures have shifted and the total budget allocated for FY 2014-15 is unlikely to be expended.

**Schedule:** The project schedule is within the acceptable variance range for the reporting period based on the schedule developed by DFS which reconciles assumptions made in the FLAIR Study; however, the project schedule is not baselined. A baselined project schedule developed to support performance management reporting (such as earned value analysis) will increase the accuracy and predictability to measure, monitor and report project status and overall project performance.

**Risks and Issues:** Risks and issues have remained stable for the reporting period.



## Section II: Scope

### **Scope Summary**

The project scope is within the acceptable variance range for the reporting period. The scope of the project as documented in the project artifacts received by the Agency for State Technology (AST) (draft Project Charter, draft Project Management Plan and the Work Breakdown Structure (WBS) contained in the non-baselined project schedule) aligns with the FLAIR Study. Although the FLAIR Study recommended 6 tracks (BPS, Procurement Support, PMO, OCM, WFT, and SDS), the project team decided to proceed with 4 tracks. The project team determined that the similarities between the work efforts of OCM and Workforce Transition would benefit from being in the same track. The project team also determined that Procurement Support activities would benefit from falling under the PMO track to ensure project activities are aligned with the main objective of Pre-DDI (procuring a SSI). Additionally, the project team plans to add outside counsel and IV&V to the PMO track. Outside counsel will be needed to provide extra guidance in the SSI procurement process. IV&V was recommended by the FLAIR Study to commence during the DDI Phase, but the project team would like to follow best practices and contract for IV&V earlier in the project.

The project team identified eight (8) procurements needed to support the Pre-DDI: BPS support, SSI procurement support services, PMO support services, OCM support services, SDS support services, outside counsel, IV&V, and SSI. Three (3) out of the eight (8) procurements have been executed, BPS support (February 17, 2015), Procurement Support (March 16, 2015), and PMO support services (March 26, 2015). In addition, a vendor to review the FLAIR Study is pending procurement.

The project team decided to create a Project Charter for the entire project and a Project Management Plan for just the Pre-DDI phase. The project team plans to finalize the draft Project Charter by May 20, 2015 (per the project schedule dated April 13, 2015) and the draft Project Management Plan for the Pre-DDI phase by June 4, 2015 (per the schedule dated April 13, 2015). These planning outputs will then be routed for approval so that the scope can be approved, baselined, and managed. This formally establishes the processes and procedures to proactively monitor and control the project. Any changes thereafter should go through the approved change control process as documented in the Project Management Plan. The process should define procedures to be followed to manage changes to the defined scope, including a framework for decision making and escalation, and clearly defined roles and responsibilities.

### **Scope Variance Discussion**

The project scope is within the acceptable variance range for the reporting period.



### **Section III: Cost Management**

#### **Cost Management Summary**

Although there is no approved spending plan, for this reporting period the project is trending towards being under budget as compared to the project's allocated funding for FY 2014-15. This is based on actual expenditures to date and anticipated expenditures for the remainder of the fiscal year. As of this reporting period, the project team anticipates expending \$3,104,165 out of the anticipated budget of \$6,883,382 for FY 2014-15.

The project team has identified anticipated contract expenditures for the remainder of FY 2014-15, by quarter, for FY 2015-16 and for the entire 2016-17 fiscal year. The project schedule includes milestones for deliverable acceptance, paid invoices and tasks for received and approved invoices. To improve monitoring and controlling project costs, the project team would benefit from establishing a more comprehensive spending plan that includes budget, planned expenditures, and actual expenditures on a month-by-month basis for all project costs. The project team can then proactively monitor and control costs by updating the project spending plan monthly and manage changes to the cost baseline to ensure expenditures do not exceed the actual budget.

Once the project team has developed a baseline schedule, DFS and AST will be in a position to objectively assess project performance including monitoring work performance against funds expended plus isolating and understanding variances from the approved baseline for cost.

#### **Cost Variance Discussion**

The project is trending towards being under budget.

The FY 2014-15 budget was based on estimated salary and benefits for full time staff and estimated vendor contract costs based on the FLAIR Study. The hiring of project FTEs and the execution of the necessary procurements in support of the project required more time than provided in the FLAIR Study; and, this led to a lag in executing the needed procurements recommended in the FLAIR Study.

As of this report, 13 of the 22 full time positions have been filled. Three (3) of the eight (8) Pre-DDI vendor procurements have been executed: BPS support (\$4,185,316 on February 17, 2015), Procurement Support (\$1,703,840 on March 16, 2015), and PMO support services (\$587,375 on March 26, 2015). The execution of the contract for the review of the FLAIR Study is pending. All FTE costs are salary-based. The BPS support and procurement support contracts are fixed-price, deliverable-based and incurred once the deliverable has been approved, and invoiced. The PMO support services are provided as staff augmentation.



## **Section IV: Schedule Management**

### **Schedule Management Summary**

The project schedule is within the acceptable variance range for the reporting period based on the schedule developed by DFS which reconciles assumptions made in the FLAIR Study; particularly, the hiring of FTEs and the execution of necessary procurements requiring more time than provided. The schedule has not been baselined. As of this reporting period, there have been no late tasks; however, there were 14 lagging tasks that need to be closely monitored.

The schedule does not have a well-defined critical path. Thus, the project team cannot delineate the tasks, which, if delayed, will cause the entire project to be delayed. The project staff should evaluate the PMO task(s) which span the entire schedule from the project's start to completion and the effect on the critical path.

The project team needs to continue to work toward an integrated, baselined master project schedule to support performance management reporting (earned value analysis). The WBS in the schedule should define all deliverables, milestones, tasks, and resources required to complete the project based on the approved project scope. All tasks should be baselined. Once this is in place, DFS and AST can objectively assess project performance including task and milestone completion dates, planned dates of contracting with a Systems Integrator for the implementation of the ERP System by January 3, 2017, and close out the Pre-DDI Phase by April 7, 2017.

Any changes to the project that impact the schedule should go through the approved change control process as documented in the Project Management Plan. The process should define procedures to be followed to manage changes to the project schedule baseline including a framework for decision making and escalation, and clearly defined roles and responsibilities.

### **Schedule Variance Discussion**

The project schedule is within the acceptable variance range for the reporting period based on the DFS-developed project schedule.



## **Section V: Risk Assessment**

### **Evaluation of Project Risks and Issues**

Risks and issues have remained stable for the reporting period. The draft Project Management Plan includes a subsidiary 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 register contains 63 risks of which 10 have been identified as “high” (Risk Score of 25 or 15) based on the probability and score assigned by the project team. Only risks that have been identified as high have mitigation strategies and have risk owners.

The draft Project Management Plan also includes a subsidiary Project Issue/Action Item/Decision Management Plan which includes the process for identifying and monitoring issues. The project team is in the process of creating individual subsidiary plans for each issue. The project team Issues Log does not identify any issue as being open at this time.

The PMO support services vendor will serve as the Risk Manager on the project.

### **Risk Management Discussion**

To better manage risks and issues, risk management activities should be incorporated into the integrated master project schedule with milestones, deliverables and associated resources.

The Project Charter and Project Management Plan should be enhanced to better describe the project governance structure to include roles and responsibilities for each organizational entity, a decision framework, and an escalation framework. The project would also benefit from a Responsibility Assignment Matrix (RAM or RACI) to better illustrate and define project roles and responsibilities. The matrix should include a clear delineation of roles, responsibilities, accountability, and decision rights for each governance tier along with an escalation framework that distinctly identifies how decisions regarding scope, schedule, cost, risks and issues are escalated among the governance tiers.



**Section VI: Corrective Action Plan for Out of Variance Projects**

Not applicable for this reporting period.

<b>AST's Recommended Corrective Action Plan (CAP)</b>				
<b>#</b>	<b>Description</b>	<b>Action</b>	<b>Completion Date (Planned)</b>	<b>Completion Date (Actual)</b>
<b>Scope</b>				
<b>Schedule</b>				
<b>Cost</b>				
<b>Risk</b>				
<b>Issue</b>				





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## Document Version Control

Version	Date	Change(s)
.01	04/27/2015	Initial Draft
.02	04/30/2015	Revised per meeting with DFS
.03	04/30/2015	Updated Schedule discussions
1.0	05/05/2015	Approved
1.01	05/14/2015	Update based on Production Review
1.02	5/17/2015	Update based on DFS comment