Stage 1 Business Analysis

1.1 General Information

Agency or State Entity Name:

State Controller

Organization Code:

0840

Proposal Name:

California State Payroll System Project (CSPS)

Proposal Description:

The State Controller's Office (SCO) proposes to replace the current Uniform State Payroll System (USPS) that is responsible for providing accurate and timely payroll to the thousands of State of California Civil Service employees.

Proposed Start Date:	**July 2021**
Delegated Cost Threshold (Optional):	⦿ Over ◯ Under
Department of Technology Project Number:	0840-086

1.2 Submittal Information

Contact Information:

Contact First Name:	**Contact Last Name:**
Chris	Maio
Contact Email:	**Contact Phone Number:**
CMaio@sco.ca.gov	(916) 322-3393

Submission Date:

8/3/2017

Submission Type:

◯ New Submission   ⦿ Updated Submission (Pre-Approval)

◯ Updated Submission (Post-Approval)   ◯ Withdraw Submission

Sections Updated (For Updated Submissions Only)

☐ 1.1 General Information   ☐ 1.6 Statutes or Legislation

☐ 1.2 Submittal Information   ☐ 1.7 Program Background and Context

☐ 1.3 Preliminary Assessment   ☑ 1.8 Strategic Business Alignment

☐ 1.3.1 Reportability Assessment

☐ 1.3.2 Impact Assessment

☐ 1.4 Business Sponsor and Key Stakeholders

☐ 1.5 Business Driver(s)

☐ 1.9 Business Problem or Opportunity Summary

☑ 1.10 Business Problem or Opportunity and Objectives Table

☐ 1.11 Business and Stakeholder Capacity

☑ 1.12 Organizational Readiness

Summary of Changes:

Section 1.8/1.10 updated to correct deficiencies noted in S1BA Scorecard - see updated Attachment B.
Section 1.12.1 and 1.12.2 has been updated to provide the CSPS Governance Management Plan as Attachment E.
Additional information has been provided for sections 1.12.5 and 1.12.7

Project Approval Executive Transmittal:

📎 File Attachment

1.3 Preliminary Assessment

1.3.1 Reportability Assessment

	Yes	No
1. Does the Agency/state entity anticipate requesting a budget action to support this proposal?	◉	○
2. Does the Agency/state entity anticipate the estimated total development and acquisition cost to exceed the Department of Technology's established Agency/state entity delegated cost threshold **and** the proposal does not meet the criteria of a desktop and mobile computing commodity expenditure?	◉	○
3. Does this proposal involve a new system development or acquisition specifically required by legislative mandate **or** is subject to special legislative reporting or review as specified in budget control language or other legislation?	○	◉

Anticipated Reportability

Is this proposal anticipated to be reportable?	◉	○

Planned Reporting Exemption

Does the Agency/state entity anticipate seeking an exemption from project reporting? (Answer only if Anticipated Reportability above is "Yes.")	○	◉

1.3.2 Impact Assessment

	Yes	No
1. Has the funding source(s) been identified for this proposal?	◉	○

If "Yes," select applicable funding source(s) and enter the fund availability date. If funding source is "Other Funds," specify below:	**FUND SOURCE** Mark all that apply	**FUND AVAILABILITY DATE**
	☑ General Fund	FY 2017-18
	☑ Special Fund	FY 2017-18
	☐ Federal Fund	

☐ Bond Fund

☐ Other Funds

2. Will the State possibly incur a financial sanction or penalty if this proposal is not implemented? If "Yes," provide details in Section 1.9 Business Problem or Opportunity Summary. ○ ◉

3. Is this proposal anticipated to have high public visibility? If "Yes," provide details in Section 1.9 Business Problem or Opportunity Summary. ◉ ○

4. On a scale of 1 to 3 (1 = None, 2 = Partially, 3 = Fully), indicate how well the current business processes are documented, communicated and available for review. <u>2</u>

1.4 Business Sponsor and Key Stakeholders

Executive Sponsors

Title	First Name	Last Name	Business Program Area
State Controller	Betty	Yee	State Controller's Office
Chief Administrative Officer	Tom	Yowell	State Controller's Office

Business Owners

Title	First Name	Last Name	Business Program Area
Chief	Debra	Spellman	SCO Personnel and Payroll Services Division (PPSD)
Bureau Chief	Casandra	Moore-Hudnall	SCO State Accounting and Reporting Division (SARD)
Chief	Larry	Norris	SCO Division of Administration and Disbursements (ADD)
Chief	Todd	Boltjes	SCO Information Systems Division (ISD)
Bureau Chief	Gerard	Anderson	SCO Executive Office (EO) - Human Resources (HR)
Division Chief	Jeff	Brownfield	SCO Division of Audits
Bureau Chief	Tom	Gilbert	SCO ISD - Information Security Office (ISO)
Bureau Chief	Mary Margaret	Wilson	SCO ISD - Business Systems Bureau (BSB)
Bureau Chief	Bill	Helms	SCO ISD - Enterprise Architecture (EA)
Bureau Chief	Beverly	Taylor	SCO ISD - Technology Services Bureau (TSB)
Bureau Chief	Andrew	Finlayson	SCO Division of Audits (AUDITS) - State Agency Audits Bureau

Key Stakeholders

Title	First Name	Last Name	Business Program Area/Group	External
Project Director	Chris	Maio	California State Payroll System (CSPS) Project	☐
Project Manager	Dennis	Duarte	California State Payroll System (CSPS) Project	☐
PMO Manager	Jennifer	Burkett	California State Payroll System (CSPS) Project	☐
Manager	Susan	Burgess	SCO ADD - Contracts and Procurement	☐
	Rick	Chivaro	SCO Executive - Legal Team	☐
Manager	Jennifer	Urban	SCO ADD - Budget Office	☐
Manager	Jay	Maestas	SCO ISD - Customer Service Center	☐
			Stakeholder Group: Business Partners	☑
			Stakeholder Group: Collective Bargaining	☑
			Stakeholder Group: Control Agencies	☑
			Stakeholder Group: Deduction Companies	☑
			Stakeholder Group: Project Oversight	☑
			Stakeholder Group: State Program Administrators	☑
			Stakeholder Group: Tax Entities	☑
			Stakeholder Group: Users	☑

1.5 Business Driver(s)   Mark all that apply

Financial Benefit:
- ☐ Increased Revenues
- ☑ Cost Savings
- ☑ Cost Avoidance
- ☐ Cost Recovery

Mandate(s):
- ☐ State
- ☐ Federal

Improvement:
- ☑ Better Services to Citizens
- ☑ Efficiencies to Program Operations
- ☐ Improved Health and/or Human Safety
- ☑ Technology Refresh

Security:
- ☑ Improved Information Security
- ☑ Improved Business Continuity
- ☑ Improved Technology Recovery

1.6 Statutes or Legislation

Statutes or Legislation:

○ New Statutes
○ Potential Legislation
○ Changes to Existing Legislation
◉ Not Applicable

Bill Number:

Legal Reference:

Additional Information:

1.7 Program Background and Context

As the chief fiscal officer, the SCO is responsible for administering the payroll system for state government employees and California State University (CSU) employees, providing financial accountability of payroll funds and the issuance and disbursement of payroll. The CSPS Project will be a complex, large-scale project with impacts to all functions within the SCO, with the exception of the Unclaimed Property Division (UPD). The six (6) SCO divisions (Business Sponsors) impacted by the problems and opportunities are:

1. Personnel/Payroll Services Division (PPSD) – The PPSD of the SCO is responsible for issuing pay to employees of the state civil service, Judicial Council and other statutory exempt employees utilizing the State Controller's Uniform State Payroll System (USPS). The state workforce is comprised of approximately 284,000 employees, represented by 21 state civil service bargaining units. Employees are located throughout California and in other states, and range from elected officials, managers and supervisors, to rank-and-file workers in various occupations.

2. State Accounting and Reporting Division (SARD) - Performs statewide accounting and reporting functions, issuing reports on the financial condition of government entities. SARD accounts for receipts, payments, balances, and bonded indebtedness of all state funds; ensures appropriation and cash control through careful monitoring and posting of transactions including payroll expenditures to the State's centralized accounting system; Reports the financial condition of the state on a monthly and annual basis; Monitors the cash flow of the General Fund.

3. Administration & Disbursements Division (ADD) - Produces the warrants (checks) and electronic fund transfers from the State Treasury, annually issuing about 49 million payments including state payroll, retirement rolls, Medi-Cal, personal income tax refunds, and payments to vendors; Provides staff support services to SCO including budgeting, accounting, contracting, training, procurement, and facilities management.

4. Audits Division - Responsible for auditing all funds disbursed by the state and all claims presented for payment to SCO. In addition, performs independent audits of government agencies that spend state funds; Assures the accuracy of local government claims and financial statements submitted to the state and federal government by annually reviewing and revising audit guidelines, reviewing audits performed by independent local auditors under these guidelines, and performing field audits of state and federal programs.

5. Information Systems Division (ISD) - Ensures the integrity and security of SCO technology, employees, and facilities. ISD supports the SCO mainframe, public website, and payroll systems with services including application development, desktop support, information security, enterprise architecture, and project management oversight.

6. Executive Office (EO) – The EO management team is responsible for establishing policy and overseeing the activities and programs in all divisions of the SCO. Several bureaus that provide key functions of the SCO are directly under the EO and will be impacted by this proposal:
   - Legislative Affairs Office (LAO) – serve as primary liaisons to state and federal elected officials, and provide information, analysis, and guidance on legislative matters to the Controller, the Governor's Office, other governmental entities and external organizations.
   - Public Affairs Office - This team serves as the primary liaison to the public, news media, and researchers. The Public Affairs staff take the lead in communicating SCO services, policies, and

programs across multiple platforms including print, television, radio, website, and social media. The team supports the Controller with speechwriting and overall editing responsibilities for agency correspondence and publications.

- Human Resources – Provides all personnel, benefits, and other human resource services for the operation of the SCO. Duties include recruitment, appointment, retention and separation of SCO employees. Provides managerial and supervisory support and training, and serves as the department's Labor Relations Office.
- Legal Office - Provides legal advice and support to the Controller and SCO management in connection with court cases, administrative hearings, contracts, legislation, and regulations.
- Management Audit and Review Services (MARS) – Provides independent and objective evaluative and consultative services to the SCO divisions to add value and improve the SCOs operations.

The Problems and Opportunities Table provided in Section 1.10 identifies the impacted Stakeholder Group(s). The impacted SCO divisions listed above are part of the State Controller's Office (Business Owners) Stakeholder Group and are impacted by all CSPS Problems and Opportunities. In addition, as we move through the Business Process Documentation activities, the resulting as-is business processes will identify the roles within the Divisions listed above as having a role in the impacted business processes.

Several business processes support the administration of the current payroll system. The table below provides a high-level business process, the impacted Business Sponsor and Key Stakeholder Groups, and a description of the impact. This table is a small sampling of the various business processes impacted by this proposal and will be provided in more depth during Stage 2.

Business Process	Impacted Business Sponsor/ Key Stakeholder Groups	Description of participation
Perform Routine Payroll	SCO Business Sponsors ADD PPSD ISD EO Audits Key Stakeholders State HR Departments (Users) Civil Service Employees (Users) Collective Bargaining	The process of creating payments, including all applicable deductions and taxes. Perform accounting and ensure accounting information accuracy and integrity.
Establish and Maintain Payment Method Types	SCO Business Sponsors ADD PPSD ISD Key Stakeholders State HR Departments (Users)	Produces the warrants (paychecks) and EFTs from the State Treasury
Establish and Maintain Positions	SCO Business Sponsors SARD ADD PPSD ISD Key Stakeholders State HR Departments (Users)	Provides the position roster to state agencies and position funding information for the State Budget
Manage and Perform Health Benefit Deductions	SCO Business Sponsors SARD PPSD ISD Key Stakeholders State HR Departments (Users)	All transactions related to employee benefits (retirement, savings plus, vision long-term disability, etc.)

	Department of Human Resources (CalHR) (Business Partner) California Public Employees Retirement System (CalPERS) (State Program Administrator) Collective Bargaining	
Manage Employee Personal Data Changes	SCO Business Sponsors PPSD ISD Key Stakeholders State HR Departments (Users) CalHR (Business Partner) CalPERS Collective Bargaining	All transactions related to the employee (new hires, separations, salary increases etc.)
Establish and Maintain Leave Benefits	SCO Business Sponsors PPSD ISD EO Key Stakeholders State HR Departments Civil Service Employees Collective Bargaining	All tasks and activities related to state employee leave information (Vacation, sick leave, etc.) and time reporting.

The USPS is comprised of various Human Resource Management (HRM) systems, which include, but are not limited to the following:

- Employment History (EH)
- California Leave Accounting System (CLAS)
- Basic Payroll System
- Position Control
- Annual-System
- Business Month
- Payroll Input Process (PIP)
- Management Information Reporting System (MIRS)

SCO employees developed these systems over time as the business requirements became more complex. While there are interfaces between the various systems, the systems designed were separate applications and are not integrated. As a result, PPSD and ISD exert an enormous amount of effort to maintain the current system and modify the system to meet the needs of California. As the documentation is completed for the as-is processes, a complete description and inventory of the impacted systems will be provided in Stage 2. Refer to Attachment A: Systems Inventory for the current list and short description.

1.8 Strategic Business Alignment

Strategic Business Goals	Alignment
SCO Goal 1: Actively promote financial integrity and accountability for State and local governments. Objective 1.1 - Provide sound fiscal control over the State's annual receipts and disbursements of public funds by determining the legality and accuracy of every claim against the State of California.	CSPS problem 2 aligns with the SCO's objective 1.1 by implementing a solution that provides sounds fiscal control by performing validation, providing accurate overtime and lump sum payments and reducing overpayments.

SCO Goal 1: Actively promote financial integrity and accountability for State and local governments.
Objective 1.3 - Provide timely information to the Public regarding the State's financial condition, and the financial transactions of cities, counties and other local agencies.

CSPS problem 4 aligns with the SCO's objective 1.3 by implementing a solution that provides customers a more user-friendly reporting tool, decreases the turnaround time for providing reports, and provides access to a data warehouse. The objectives associated with Problem 4 will provide a solution that improves access to relevant data for reporting and compliance.

SCO Goal 2: Provide excellent customer service
Objective 2.1 - Promote a culture that is responsive and accountable and leads our customers to success.

CSPS problem 2 and opportunity 9 aligns with the SCO's objective 2.1 by implementing a solution that ensures the SCO is responsive to errors by providing automated validation and compliance checks and ensures that the SCO accountable for data security.

SCO Goal 2: Provide excellent customer service
Objective 2.2 - Use input from our Customers to improve customer services and satisfaction.

CSPS problems 2 and 6 and opportunity 5 align with the SCO's objective 2.2 by implementing a solution that provides automated validation providing Employee Self- Service (ESS) and Manager Self-Service (MSS) functionality.

SCO Goal 2: Provide excellent customer service
Objective 2.3 - Continuously improve our business processes to provide better customer service.

CSPS opportunities 1, 5, 9, 10 and 11, problems 2, 3, 4 and 6 align with SCO's objective 2.3 by implementing a solution that improves customer service. Opportunities 1 and 5 seek to provide ESS and MSS capabilities, allowing our customer to view and update HR information without the involvement of HR staff, reducing the time it takes to get the required information. Opportunity 9 will improve SCO security processes by providing full compliance and role based access for accurate security audits. Opportunity 11 improves business processes by streamlining manual, paper based processes, reducing time spent on filing and retrieving needed information. Problem 2 seeks to provide automated validation on data entry to improve the accuracy of payroll, reducing the amount of errors received, which leads to overpayments and rework. Problem 3 seeks to provide a solution that can implement the new laws and rules, potentially decreasing the amount of manual workload needed to comply with new laws and rules. Problem 4 seeks to implement a solution that provides improved reporting capabilities, improving the customer service that SCO provides to State HR Offices.

SCO Goal 2: Provide excellent customer service
Objective 2.4 - Continually evaluate options for 24-7 access to SCO's services.

CSPS opportunities 1 and 5 align with SCO's objective 2.4 by implementing a solution that provides ESS and MSS capabilities, providing 24-7 access to manage employee personal data and HR data for managers.

SCO Goal 3: Deliver core services and products more effectively through innovative business processes and technology solutions.
Objective 3.1 - Foster a culture of continuous process improvement.

CSPS opportunities 5 and 9, and problems 2, 3 and 6 achieve the SCO's objective 3.1 by implementing a solution that reduces manual data entry to improve data accuracy, data analytics, and system usability.

SCO Goal 3: Deliver core services and products more effectively through innovative business processes and technology solutions.
Objective 3.2 - Adopt practices that reduce the use of consumable resources.

CSPS opportunities 1, 5 and 11, and problems 2 and 7 achieve the SCO's objective 3.2 by implementing a solution that provides ESS and MSS capabilities. Objectives related to Opportunities 1, 5 and 11 target the reduction of paper forms processed by employees and reports provided to management. This will allow the SCO to automate or electronically send and receive data as necessary to reduce the

need for manual intervention. Problem 2 seeks to automate validation, which will prevent the need for paper error reports. Problem 7 seeks to provide on-line help features, reducing the need to print training materials.

SCO Goal 3: Deliver core services and products more effectively through innovative business processes and technology solutions.
Objective 3.3 - Establish measures to gauge business process improvements.

CSPS opportunity 5 achieves the SCO's objective 3.3 by implementing a solution that provides ESS and MSS capabilities, streamlining several business process, such as submitting time sheets, performing FMLA eligibility checks, and approving Merit Salary Adjustments (MSA).

SCO Goal 3: Deliver core services and products more effectively through innovative business processes and technology solutions.
Objective 3.4 - Explore cost-effective delivery methods.

CSPS opportunities 1, 5, and 8, and problems 2, 3, 4, 6 and 7, align with SCO's objective 3.4 by implementing a solution that provides ESS and MSS Capabilities, streamlines business processes and provides data faster and more efficiently.

SCO Goal 4: Invest in our employees to create a skilled, motivated and diverse workforce to reach our highest potential.
Objective 4.1 Champion new opportunities for SCO employees for growth, development and advancement through workforce and succession planning efforts.

CSPS problem 7 aligns with SCO's objective 4.1 by implementing a solution that provides more user-friendly features, specifically on-line help features. This will allow the SCO the opportunity to guide staff in their training needs to close the skillset gap needed for their next career opportunity. Existing training is provided in classroom settings or peer to peer training and the majority of the training materials are hard copy, which lead to outdated training materials when business processes change. Providing on-line, accurate training information will increase the timeframe for staff receiving training.

SCO Goal 4: Invest in our employees to create a skilled, motivated and diverse workforce to reach our highest potential.
Objective 4.3 Foster an environment of communication and information sharing to promote a cohesive, unified organization.

CSPS Problems 4, 6 and 7 align with SCO's objective 4.3 by implementing a solution that improves reporting, integrating business processes and providing on-line help features potentially reducing mistakes. Utilizing a data warehouse will foster an environment of sharing information across state departments.

SCO Goal 5: Enhance communication, transparency and information sharing.
Objective 5.1 Improve communications by ensuring information is clear, concise and easily understood.

CSPS problem 7 aligns with SCO's objective 5.1 by implementing a solution that provides more user-friendly features, such as on-line help, which will improve communications and ensure information is clear and concise, providing consistency of the information being provided.

SCO Goal 5: Enhance communication, transparency and information sharing.
Objective 5.2 Provide timely, accurate, and reliable information.

CSPS opportunities 1 and 9, and problems 2, 3, 4, 6 and 7, align with SCO's objective 5.2 by implementing a solution that provides timely, accurate and reliable information, achieved through ESS capabilities, automated validation and implementation of business rules, data warehouse reporting capabilities, on-line help features and a system that is fully integrated and secured.

SCO Goal 5: Enhance communication, transparency and information sharing.
Objective 5.3 Promote cooperative working relationships with stakeholders to optimize program delivery.

CSPS opportunities 1 and 9 and problems 2, 4 and 6 align with SCO's objective 5.3 by implementing a solution that optimizes program delivery. These promote cooperative working relationships with stakeholders to optimize program delivery by improving several business processes, such as on-line viewing of employee data (ESS), providing validation and enforcement of business rules, providing a data warehouse to improve reporting capabilities and a solution in compliance with security standards.

1.9 Business Problem or Opportunity Summary

The problems, opportunities and related project objectives developed through the following activities:

- State Agency Audits – the SCO Division of Audits and the State Personnel Board (SPB) conduct regular audits to ensure SCO is compliant with various laws and rules. Results of those audits have led to areas that require business process and system improvement.
- Surveys/Interviews – Several surveys and interviews conducted with stakeholders, internal and external, provided problems and opportunities for the proposal.
- Organizational Assets – A review of organizational assets to identify problems and opportunities. Some of these organizational assets included:
  - KPMG Independent Audit – KPMG Peat Marwick conducted an independent audit in 1995 of the SCO. The audit identified areas in which costs could be reduced and services improved. In response to the audit, the SCO initiated the 21st Century Project.
  - Conceptual Vision Document (CVD) Report – A 21st Century Task Force comprised of SCO, CalHR, DOF, CDT, and the Judicial Council representatives and consulting firm, Watson Wyatt and Company developed a high-level conceptual vision of what a new human resources and payroll environment would look like.
  - Legal Opinions - The 21st Century Project identified several areas of non-compliance, which resulted in Legal Opinions that provided much needed business process improvements.
  - Business Case Studies - the 21st Century Project conducted business studies that identified several areas where cost and services can be improved, supporting the need for a new solution.
  - Focus Group Studies – the 21st Century Project conducted focus group studies in which they surveyed several departments and gathered several suggestions on business process changes. A review of these suggested changes still hold true today.
  - Project Prioritization Listt– a database providing a list identified business process improvements and/or implementing new laws and rules to the USPS.

The USPS was originally developed to address two objectives:

1. maintain the official employment records of the State
2. ensure employees are paid on a timely and accurate basis

When originally developed the State of California had 40 percent fewer employees and was not engaged in Collective Bargaining. As the business need presented itself the USPS expanded, adding additional systems and applications over the past 40 years to meet the growing employee population, collective bargaining and complex payroll rules, all done without the benefit of an overall architecture for SCO information technology. Due to their age, and the number of changes made over the years, many of the applications are poorly structured, not integrated and are difficult to operate and maintain.

The SCO is responsible for the accountability and disbursement of the state's financial resources, providing Personnel and Payroll services to all Civil Service employees. Therefore, the magnitude of the problems and opportunities are statewide, affecting all Civil Service employees, who provide essential services to the citizens of California.

The identified business problems and opportunities map to several business drivers, supporting the need for this proposal.

<u>Opportunity 1: Provide a solution that enables on-line view capabilities (ESS and MSS)</u>

This opportunity relates to the following business drivers:
- Cost savings

- Efficiencies to Program Operations
- Technology refresh

This opportunity presents the need to provide Employee Self-Service (ESS) and Manager Self-Service (MSS) view capabilities. Providing ESS for employees would provide the opportunity for them to view their own data for payroll, employment history, leave balances and tax information. Being able to view their own data would minimize the need to print millions of paper warrants, direct deposit advices, and W-2s annually, allowing SCO to achieve a cost savings. ESS and MSS would allow the SCO to streamline the business process for printing warrants and W-2s, providing efficiency to program operations. Providing MSS would allow managers to track employee leave balances, ensuring timely reporting of dock and ensuring leave balances remain under the threshold, providing additional program efficiencies. The opportunity to provide ESS and MSS as new business processes ultimately results in an improved experience interacting with the payroll system. Current technology typically allows employees/customers to view necessary personal data and providing ESS and MSS is a technology refresh needed for the SCO.

Problem 2: Provide automated validation and compliance verification checks to improve processes.

This problem relates to the following business drivers:
- Cost Avoidance
- Efficiencies to Program Operations
- Improved Business Continuity

Solving this problem will allow the SCO to benefit from cost avoidance by enforcing validation and compliance proactively, at the point of entry. This will not only save on manual processing time for re-work, but will also prevent overpayments. Automating the manual verification in several business processes will result in increased efficiencies to SCO operations. For example, objective 2.1 seeks to reduce the number of irregularity notices for position control by 90%, which will result in reduced turnaround time for departments to maintain positions. Not being able to provide automated validation and compliance verification checks results in time spent correcting errors and performing exhaustive post audits to ensure the agencies are in compliance. Personnel and payroll errors caused by the lack of automated validation and verification impact SCO critical functions. Providing validation at the point of entry is the planning needed to improve business continuity.

Problem 3: Provide a solution that allows for timely implementation of Laws and Rules

This problem relates to the following business drivers:
- Cost Avoidance
- Efficiencies to Program Operations
- Technology Refresh

The SCO currently experiences problems with timely implementation of new laws and/or rules that require significant lead-time and analysis to implement. Significant lead-time and complete analysis needed is due to the number of systems and applications required for SCO business processes. The SCO currently has over 100 open change requests requiring implementation, which requires manual processes until changes to the USPS are completed. Implementing required changes timely will increase program service levels, resulting in cost avoidance. Subsequently, efficiencies to program operations will result improving the SCO change request process. This proposal will replace the aging USPS, providing the needed technology refresh, decreasing the amount of time it takes to implement change requests.

Problem 4: Implement a solution that improves access to relevant data for reporting and compliance

This problem relates to the following business drivers:
- Cost Avoidance
- Efficiencies to Program Operations
- Better services to citizens

The SCO and external stakeholders, such as CalHR, experience problems with reporting because a centralized data warehouse is unavailable. The objectives identified to solve this problem include providing stakeholders with more user-friendly ad-hoc reporting tools for data analytics, and reducing the time it takes to provide a requested report from a centralized data warehouse that contains all personnel and payroll information. Due to the architecture of the USPS, reporting on the data contained in the various sub-systems and applications requires manual intervention to compile the requested information. Utilizing a data warehouse will streamline the current business process, resulting in increased efficiencies to SCO program operations, as well as external stakeholder program operations, and better services to citizens. Current reporting processes require an extensive knowledge of the data requested to complete a report request. Running reports requires training, which is not cost effective. A data warehouse will provide SCO the ability to share in a statewide data warehouse solution for all state agencies. Cost avoidance will occur due to increased program service levels and reduction of staff training.

Opportunity 5: Implement a solution that provides update capability for end users (ESS and MSS)

This opportunity relates to the following business drivers:
- Cost savings
- Efficiencies to Program Operations

This proposal provides an opportunity for SCO to provide employees and managers the ability to update personnel and payroll information through an ESS and MSS portal. Objectives to achieve for this opportunity include providing the ability to update bank account information, tax withholdings, and employee addresses. In addition, this proposal will require that employees be able to manage emergency contact information, perform time entry, and submit requests to management. MSS capabilities will provide managers with the ability to approve or reject time entries; approve FMLA and Merit Salary Adjustments (MSA). Realizing this opportunity, SCO will streamline several manual, paper-based processes, putting the control in the hands of the end users. Reducing the need for SCO resources that process these personnel and payroll changes will result in a cost savings to not only SCO, but to all other state departments. Replacing the paper forms with interactive forms will enhance the day-to-day business operations.

Problem 6: Implement a solution that provides integrated business processes.

This problem relates to the following business drivers:
- Efficiencies to Program Operations

The existing business processes that support the USPS are not integrated causing problems when trying to streamline and/or enforce system validations. For example, time-related data does not seamlessly integrate with payroll data, requiring separate business processes to perform time entry and report time for payroll purposes. Objective 6.1 seeks to reduce the number of manual transactions needed to adjust pay related to dock by integrating time and payroll processes. Integrating time and payroll will increase human resource program efficiencies statewide and provide better services to employees by reducing the errors associated with manually adjusting time paid. Objective 6.2 seeks to automate the reconciliation of positions by integrating the position control processes between the SCO, Department of Finance (DOF) and external state departments. Integrating these processes will provide increased efficiency to SCO, DOF and external program operations.

Problem 7: Implement a solution that provides more user-friendly features

This problem relates to the following business drivers:
- Cost Savings
- Efficiencies to Program Operations
- Technology Refresh

The general design of the USPS utilizes green screen technology, which does not support graphical user interface (GUI) features such as point and click, drop down and pop-up menus, on-line help or links to reference training materials and resources. As a result, the use of the system requires extensive on-the-job and classroom

training. Implementation of a new system with user-friendly features and a modernized infrastructure will improve job efficiency for all levels of the USPS workforce resulting in a cost savings and provide a much needed technology refresh.

Opportunity 8: Update and modernize the technology infrastructure

This opportunity relates to the following business drivers:
- Cost Avoidance
- Efficiencies to Program Operations
- Technology Refresh

The SCO has an opportunity to update and modernize the technology infrastructure with this proposal. The USPS is over 40 years old and relies on many sub-systems resulting in a very complex technical infrastructure. System support and maintenance is costly and as modern technology continues to evolve, qualified USPS support staff exit the work force. Implementing a modern integrated system will allow the SCO to reduce the number of sub-systems currently used to support the USPS.

Opportunity 9: Information Security Compliance

This opportunity relates to the following business drivers:
- Improved Information Security
- Improved Business Continuity
- Improved Technology Recovery

The SCO has an opportunity to reduce information security and privacy risks by implementing appropriate, required and cost effective information security and privacy assurance protections. The solution's information security and privacy controls will align with applicable state, federal and national standard and specifications. With the implementation of the new solution, the SCO will provide role based security access reducing the number of audit findings related to improper system access. An integrated solution in compliance with information security reduces risks and minimizes system recovery time in the event of a disaster.

Opportunity 10: Implement a solution that provides a System Transaction Log

This opportunity relates to the following business drivers:
- Improved Information Security
- Cost Avoidance

The SCO has an opportunity to improve the auditing capability of personnel and payroll transactions. The SCO Division of Audits, State Agency Audit Bureau, performs audits and reviews to ensure that all electronic and related paper claims submitted to the SCO for payment are allowable, reasonable and that subsequent payments are timely. In addition, the bureau performs reviews and oversight of various state agencies' for their existing controls and their compliance with California's established rules and regulations. Providing a solution that identifies the user who completed transactions, i.e. audit trail, will result in improved information security providing more timely and accurate audits of agency transactions. Providing an audit trail will allow the State Agency Audit Bureau to meet program needs at less cost as well as increase their program service levels.

Opportunity 11: Streamline paper based processes

This opportunity relates to the following business drivers:
- Cost Savings
- Efficiencies to Program Operations

The SCO has an opportunity to streamline paper-based processes, which would allow the SCO to reduce the amount of paper required and reduce the amount of time spent handling paper copies. Several business processes exist which require the use of paper forms and supporting documentation, which then requires

manual filing. Program staff need to refer to filed documents for various information and relying on paper documents, which can be lost/miss-filed or damaged, is not efficient. Streamlining paper-based processes will provide cost savings efficiencies to program operations.

Conducting a survey, meeting with business owners and reviewing all organizational assets mentioned above has re-affirmed and justified that this proposal is important to consider at this time. The problems and opportunities identified as far back as 1995 still apply today. In a recent survey of PPSD and ISD staff, 85% of participants agreed that a new system could resolve legacy (USPS) system limitations. The problems and opportunities identified provide justification for this proposal, desired by not only the SCO but by all other state departments and civil service employees. The SCO is determined to provide a personnel and payroll system that provides better customer service, improves program efficiencies, achieves a much needed technology refresh and realizes cost savings and cost avoidances.

Providing for the confidentiality, integrity and availability of data managed by SCO is a primary priority. The applications that would be created as a result of this project will contain confidential and sensitive personally identifiable information for all California state government employees. As such, the SCO will seek a solution that is compliant with applicable state and federal information security and privacy assurance statutes, regulations and administrative requirements as well as Federal Information Processing Standards (FIPS) and National Institute of Standards and Technology (NIST) control specifications. Requirements will be specifically crafted to reduce information security and privacy risks to California's State Payroll System by specifying appropriate, required and cost effective information security and privacy assurance protections.

1.10 Business Problem or Opportunity and Objectives Table

ID Problems or Opportunities

1   See Attachment B

Obj #	Objective			

Metric	Baseline	Target	Measurement Method

1.11 Business and Stakeholder Capacity

1.11.1 Business Program Priorities

	Yes	No
Does this proposal share resources (state staff, vendors, consultants or financial) with other business program priorities within the Agency/state entity?	●	○

The SCO PPSD Business Plan Goal #4 states "Achieve long-term sustainable personnel and payroll services through continuous process improvement that leads to the highest standard for statewide human resources and payroll management." The CSPS Project proposal supports this specific goal as well as several goals in the SCO Strategic Plan. The SCO is committed to improving the way that the SCO provides accurate and timely payroll, including the posting of statewide payroll expenditures. As a program priority within PPSD, the SCO has a dedicated project team to assist the department in implementing this proposal. The CSPS Project, a bureau within PPSD, is a team of eight (8). Allocated as full-time, the positions provide 100% commitment to the project. This allows SCO staff to continue their dedication to the SCO mission, which is to protect the financial

integrity of the State and promote accountability in an objective and efficient manner.

As stated in Section 1.7, Program Background, all divisions within the SCO, with the exception of the UPD, are directly impacted by this proposal. This proposal shares resources with all divisions, thus shifting workload priorities. Shared resources will be participating in various activities in all stages of the project, starting with the initiation phase. Refer to Section 1.12.3 for more details regarding the additional positions that are allocated for the 17/18 FY to assist in resource sharing.

For all divisions identified in Section 1.7, the CSPS Project Team will work with the various Division Chiefs to determine the effect of any new workload the proposal will bring to the business programs throughout the project lifecycle. As we progress through the various project phases, the CSPS Project team and SCO management will make the necessary adjustments through subsequent Budget Change Proposals (BCP) to maintain the level of commitment needed and reduce the impact to business program priorities. An evaluation of resource requirements for each stage of the PAL and subsequent project phases will be done to ensure that we avoid burn-out or attrition and back-fill resources at the appropriate time.

1.11.2 External Stakeholder Involvement

The following list provides the Stakeholder Groups and their anticipated activities, due to their interaction with possible solutions and business process changes of this proposal: (refer to Attachment D: Stakeholder Register for a description of the Stakeholder Groups)

Business Partners
* Provide guidance and assistance with interpreting policy and will play a role in CSPS Governance, having a high level of influence in the achievement of the CSPS Project objectives
* Review all market research and alternative analysis documents during Stage 2 to assist in evaluating solution alternatives, having a role in the feasibility of solution alternatives
* Participate as SMEs in requirement development
* Assist in developing the evaluation criteria for solution alternatives
* Integration work coordination
* Participate in documentation of current processes and future state
* Participate in the development of training material and OCM activities
* Collective Bargaining (CB)
* Provide approval as required for changes to existing business processes
* Provide policy interpretation while developing requirements
* Provide high level of influence in the achievement of the project objectives
* Implement new Memorandums of Understanding (MOU) agreements to align with new and/or changing business rules

Control Agencies
* Provide policy and interpretation of impacted government codes; provide updates to existing government codes if required
* Assist in evaluation of solution alternatives
* Develop and/or approve of solution requirements and evaluation criteria for the solution alternatives
* Provide high level of influence in determining the feasibility of solution alternatives
* Integration work coordination
* Provide SMEs for business process analysis
* Receive training on the new solution

Deduction Companies
* Provide SMEs for business process analysis (limited to specific business processes)
* Review solution requirements
* Participate in user acceptance testing
* Receive training on the new solution

State Program Administrators
* Develop and/or approve solution requirements
* Provide SME's for business process analysis
* Participate in user acceptance testing
* Provide high level of influence in the achievement of the project objectives
* Integration work coordination

Tax Entities
* Develop and/or approve solution requirements
* Provide SME's for business process analysis
* Participate in user acceptance testing
* Integration work coordination
Users
* Provide SME's for business process analysis
* Participate in user acceptance testing
* Provide high level of influence in the achievement of the project objectives
* Assist in identifying impacted business processes.
* Receive training on the new solution
* Participate in documentation of current processes and future state
* Act as change agent

Managing stakeholders for the CSPS Project will be complex throughout the project lifecycle. A Stakeholder Register, using organizational assets from the 21st Century Project and lessons learned, exists to help manage and communicate with the various stakeholder groups. The Stakeholder Register will be an input as we move through the various stages of the project management lifecycle.
The complete stakeholder register (an attachment to the S1BA) provides the following information that will guide the CSPS Project and ensure that all stakeholders are involved at the appropriate time and for the appropriate activities.
* Stakeholder Group Description
* Stakeholder
* Description
* Focus/Content
* Engagement Level
* Stakeholder Contact Information
* Stakeholder Contact
As we move further into the planning stage of the project, the stakeholder register will serve as in input into the Communication Plan and Organizational Change Management (OCM) strategy. The CSPS Project will leverage the stakeholder register to initiate OCM activities during Stage 2.

1.11.3 New or Changes to Business Processes   Yes   No

Does the Agency/state anticipate this proposal will result in the creation of new business processes?   ◉   ○

Does the Agency/state entity anticipate changes to existing business process?   ◉   ○

With this proposal, the SCO anticipates that existing business processes will change and new business processes will emerge during the implementation of a new personnel and payroll system. For example:
* New business process: An employee being able to view their leave balances on-line through employee self-service.
* Change to existing business process: Employees having the ability to maintain their bank information on-line.

This proposal is unique in that the SCO has attempted to replace the current USPS and is aware that this will cause significant changes to most, if not all business processes. Lessons learned from the previous 21st Century Project identified the need to commence review of current business practices and perform business process reengineering prior to project start, and that thorough documentation of current business practices is essential. Based on this lesson learned the CSPS Project will be engaged in business analysis activities to assist with Stage 2 activities, such as:
* Further identification of business problems and opportunities
* Development of solution requirements
* Market research
* Solution Alternatives
* Organizational change management activities

To assist with business process modeling the SCO has engaged the services of a vendor to conduct thorough business process documentation and identify any reengineering prior to project start. The business process documentation will begin with developing a Functional Hierarchy Diagram (FHD) to identify the in-scope business processes, providing the ability to create a detailed schedule to conduct information gathering sessions. This schedule will take into consideration the business programs workload priorities, lessening the impact to day-to-day operations. The SCO anticipates that this effort will take approximately 18 months to complete and will require participation from all key stakeholders identified in Section 1.4.

1.12 Organizational Readiness

1.12.1 Governance Structure   Yes   No

Does the Agency/state entity have an established governance structure for combined business and IT decision making, including information security and privacy?   ◉   ○

The CSPS Project has developed a Governance Plan that provides the overall management approach that will be implemented to validate that critical information reaching the executive management team is complete, accurate, and timely to enable appropriate decision-making and conflict resolution.

The CSPS Project Governance Management Plan identifies and describes the governance structure, governing bodies and roles during the CSPS Project. The plan specifies who, by governing body, is responsible for such things as approving the scope, cost, schedule, sign-off on project documents, establishing project support, approving contractor deliverables, and making the final decision to accept the final solution. In addition to identifying roles and responsibilities for approving project documents, the governance plan provides the criteria and protocols for escalation of issues, risks, and change requests (CRs).

The CSPS Governance Plan is provided as Attachment E to the S1BA.

1.12.2 Leadership Participation

Identify the levels of leadership that are aware of and engaged in addressing the business problem(s)/ opportunity(ies) identified in this proposal (check all that apply):

☑ Executive
☑ Senior Management Business/Program
☑ Mid-level Management Business/Program
☑ Senior Management IT
☑ Mid-level Management IT
☑ Enterprise Architect

All levels selected are key stakeholders and will be involved in the CSPS Project as identified in the CSPS Governance Plan. The Executive Sponsor and the various level of Managers have experience in providing effective leadership and guidance for projects. The Senior Management of the Business Program is committed to the CSPS Project and working collaboratively with the Project Management Team to ensure a successful outcome.

1.12.3 Resource Capability/Skills/Knowledge for Stage 2 Alternatives Analysis   Yes   No

Does the Agency/state entity anticipate requesting additional resources, through a budget request, to further study this proposal and/or perform procurement analysis?   ◉   ○

Of the Agency/state entity resources identified to perform Stage 2 Alternatives Analysis for this   8
proposal, enter the number of staff who have had experience with planning projects of a similar
nature.

The current core CSPS Project team consists of 8.0 Limited Term (LT) Positions:
- Project Management Team – 3 PY
    - Project Director
    - Project Manager
    - PMO Manager
- Business Analysts – 4 PY
- Admin Position – I PY

The current management team has experience in all phases of the project lifecycle, from initiation to closure.
Experience includes various roles as business and technical subject matter experts, contract management,
system design, system configuration, testing and system implementation.

The Project Director has over ten (10) years of project experience implementing new systems with various state
departments. Experience includes system design, configuration, system implementation and testing.
The Project Manager (PM) has over fifteen (15) years of project experience with the State Controller's Office,
working on the 21st Century Project. The PM brings extensive operational knowledge, procurement and vendor
management experience.

The PMO Manager has ten (10) years of project experience and is a certified Project Management Professional
(PMP). The PMO manager has prior project experience on the 21st Century Project and extensive operational
knowledge. The PMO Manager has experience in procurement, business analysis, system design, system
configuration, development and execution of test scenarios and scripts, defect resolution and change control
management.
The CSPS Business Analysts come from a variety of backgrounds and some have previously served on the 21st
Century Project as well. In addition to project experience, these analysts offer knowledge in areas of operational
information, technical architecture, organizational change management, business analysis, development and
execution of test scenarios and scripts, and defect resolution.

Supplementing the established core CSPS Project Team will be an additional 11.0 positions that the Budget
Change Request (BCP) of 17/18 requested to assist in the performance of the necessary Stage 2 Alternative
Analysis activities and help reduce the workload impact to the affected program areas.

The 11.0 positions are as follows:
Personnel and Payroll Services Division (PPSD) - 8.0 positions to provide program knowledge expertise of the
existing Uniform State Payroll System (USPS) and sub-systems such as the California Leave Accounting System
(CLAS). Subject matter experts from PPSD will assist the CSPS Project team in providing data for the current as-
is business processes and assist in the development of all Stage 2 documentation.
Information Systems Division (ISD) - 2.0 positions to provide technical expertise with respect to current system
architecture and data. Subject matter experts will also participate in the development of mid-level technical
requirements as they relate to system performance, system availability, scalability, and security and accessibility
requirements.
State Accounting and Reporting Division (SARD) - 1.0 position to provide program knowledge on the existing
business processes' that relate to accounting and reporting. The Identified subject matter expert will also assist
and provide input and review of all Stage 2 documents.
The positions requested for PPSD, ISD and SARD are supplemental to existing division resources, allowing CSPS
project team members to utilize subject matter experts who have significant program and technical knowledge.
As these are new positions, the incumbents hired will not be the subject matter experts. The expectation is that
the new resources will help backfill for existing subject matter experts, who will be participants in information
gathering sessions.
In addition to the 11.0 positions identified above, the CSPS Project has an interagency agreement with the
Department of Human Resources (CalHR) for 2.0 positions. These subject matter experts will be providing

representation and guidance specific to Human Resources. Information will encompass current policies and procedures under the authority of CalHR, including Labor Relations, Benefits Administration and Unions. These resources will represent the CSPS Project as expert consultants at meetings and briefings with the HR user community regarding sensitive HR and labor policy. In addition, they will provide direct input towards the PAL requirements for Stage 1 and Stage 2.

The current project schedule includes activities for the completion of all in scope documentation of current business processes for the CSPS Project. The CSPS Project is contracting with Crowe Horwath, LLC. to provide the necessary documentation included in the Stage 2 Alternative Analysis. Crowe Horwath will provide resources that have extensive experience in project management, business process analysis and organizational change management and will supplement the current CSPS Project Team.

FY 17/18 funding for the CSPS Project includes contracting for Project Management support and Procurement services. Procurement for these contracts in FY 17/18 are to provide resources for the completion of Stage 2 documentation and project management support for the duration of the CSPS Project. The CSPS anticipates requesting funding in future fiscal years for project team resources as we begin the planning and execution phases of the project.

A PAL Development Team, to further assist, the CSPS Core Project Team with various project-planning activities for Stage 2 through Stage 4 was developed. The PAL Development Team members represent the core business areas and key stakeholders. These members will provide assistance in their areas of expertise, such as the budgets office for the development of FAWs and the Contracts and Procurement Office for procurement documents. The PAL Development Team represents the following business programs:
- CSPS Project Team
- Department of Finance (DOF)
- California Department of Technology (CDT)
- SCO Division of Administration and Disbursements (ADD)
  - Contracts and Procurement
  - Disbursements
  - Budget Office
- SCO Executive Office (EO)
  - Legal Office
  - Human Resources
- SCO Information Security Division (ISD)
  - Enterprise Architecture (EA)
  - Information Security Office (ISO)
  - Project Management Office (PMO)
  - Technology Services Bureau (TSB)
- SCO Personnel and Payroll Services Division (PPSD)
- SCO Statewide Accounting and Reporting Division (SARD)

1.12.4 Training and Organizational Change Management

	Yes	No
With respect to the magnitude of this proposal, does the Agency/state entity have resources, processes, and methodologies in place to provide training and organizational change management services?	○	◉
Does this proposal affect business program staff located in multiple geographical locations? If "Yes," specify the city, state, number of locations and approximate staff in each location:	◉	○

City	State	Number of Locations	Approximate Number of Staff

See Attachment C Section 1.12.4

1.12.5 Enterprise Architecture

	Yes	No

Does the Agency/state entity have a documented target (or future state) enterprise architecture that provides the overall business and IT context for this proposal? ○ Yes ● No

The State Controller's Office (SCO) Enterprise Architecture Office (EAO) collaborates with our business and technology experts to translate their needs and vision, as well as the SCO's strategy into enterprise change. EA is the strategic integration of our business direction with IT capabilities. This is not a one-time project, but a continuous effort and journey. And as such, EA recognizes the need to be flexible and focused on what is most important for SCO at any given point in time. The SCO EA actively supports the enterprise vision, business strategies, and plans.

EA provides guidance to improve the reliability, interoperability and sustainability of the business processes, systems and technology while ensuring the SCO's projects and initiatives are in alignment with both the State and SCO strategic plans. EA means architecting the enterprise to enable and manage change. The EA ensures SCO's current and future business and technical architectures support our mission and strategic plan as well as those at the California State level. The EAO serves the SCO to support current and future enterprise-wide and statewide needs, share data/services, and collaborate toward meeting both the SCO's and the State's needs. The SCO's EA participates with the California Department of Technology (CDT) on statewide EA project and initiatives; e.g., EntHR.

While the SCO does not have a documented future target-state enterprise architecture model at this time, the SCO is dedicated to meeting the needs of our business areas and customers. The SCO has over 30 years investment in the legacy payroll system on the mainframe platform hosted at the Office of Technology Services. The SCO is committed on providing our business areas and customers with the same accurate, reliable, secure, and high availability of data our customers are accustomed to. The SCO intends to implement the interfaces that provide the users with the more modern, easy to use presentation and unlimited accessibility whenever able. The CSPS Project will form the basis for the future state architecture of the SCO's payroll systems and subsystems.

1.12.6 Project Management

Project Management Risk Score: 0.8

1.12.7 Data Management

	Yes	No
1. Does the Agency/state entity have an established data governance body with well-defined roles and responsibilities to support data governance activities?	○	●
2. Does the Agency/state entity have data governance policies (e.g., data policies, data standards, etc.) formally defined, documented and implemented?	●	○
3. Does the Agency/state entity have data security policies, standards, controls, and procedures formally defined, documented and implemented?	●	○

1. The SCO does not have a data governance body at this time. However, there are plans currently underway to implement data governance throughout the SCO.
2. The majority of the SCO's systems and applications use the Integrated Data Dictionary (IDD) which requires the use of defined, documented policies and standards for the SCO's data
3. The SCO has data security policies, standards, controls, and procedures defined and documented by both ISD's development team and the Information Security Office (ISO).

Department of Technology Use Only

Original "New Submission" Date	5/16/17
Form Received Date	8/04/17
Form Accepted Date	8/08/17
Form Status	Select... Completed
Form Status Date	10/13/2017
Form Disposition	Select... Approved
Form Disposition Date	10/13/2017