Stage 4 Project Readiness and Approval

California Department of Technology, SIMM 19 D.2 (Rev. 3.0.9, 2/28/2022)

4.1   General Information

1. **Agency or State Entity Name:** 7600 - Tax and Fee Administration, California Department of

   If Agency/State entity not in the list, enter here with the organization code.

   Click or tap here to enter text.

2. **Proposal Name: Data Analytics Tax Return Processing Solution (DATRPS)**

3. **Department of Technology Project Number (0000-000):** 7600-095

4. **S4PRA Version Number:** Version 1

5. **CDT Billing Case Number: CD0045581**

   Don't have a Case Number? Click here to get one.

Submittal Information

1. **Contact Information**

   Contact Name: Harry Pon

   Contact Email: Harry.Pon@cdtfa.ca.gov

   Contact Phone: 916-309-1738

2. **Submission Type:** New Submission

   If Withdraw, select Reason: Choose an item.

      If Other, specify reason here: Click or tap here to enter text.

   Sections Changed if an updated or resubmission (List all the sections that have changed.)

   None

   Summary of Changes (Summarize updates made.)

   None

3. **Attach [Project Approval Executive Transmittal](#) to your email submission.**

4. **Attach Final [Procurement Assessment Form](#) to your email submission.**

5. **Conditions from Stage 3 Approval** (Enter any conditions from the Stage 3 Solution Analysis approval letter issued by CDT):

    No PAL Stage 3 conditions per Rachna Pandey's email 6/25/24 at 3:51 p.m.

4.2   Contract Management

The Contract Manager must be a State Employee and should not be the Project Manager. Please complete the questions below in reference to the **primary solicitation**.

Is the Contract Management Plan complete, approved by the designated Agency/state entity authority, and available for the Department of Technology to review? **Choose**: 'Yes,' 'No,' or 'Not Applicable.' If 'No' or 'Not Applicable,' provide the artifact status in the space provided.

1. <u>Contract Management Plan (Approved)</u>: Yes

    Attachment: D-DATRPS_Contract_Management_Plan_S4_0625_2024

2. **Has the role of Contract Manager been assigned, and has the Contract Manager reviewed and gained an understanding of the scope, activities, tasks, and deliverables of the contract?** Yes

    If "No," briefly explain below why both have not been accomplished:

    Click or tap here to enter text.

3. **Does the assigned Contract Manager understand the processes for post-award contract activities, including contract amendments, contract work authorizations, terms and conditions, and contract escalation/resolution?** Yes

    If "No," briefly explain below why this has not been accomplished:

    Click or tap here to enter text.

4. **Has a post-award kickoff meeting between the Contract Manager and state project team members been scheduled to align state and contractor expectations related to contract, budget, invoicing, requirements review, and contractor incentives?** No

    If "No," briefly explain below why this has not been accomplished:

    Pending the Vendor's project schedule.

5. **Does the Contract Manager understand the Agency/state entity and federal processes, policy, and applicable procedures?** Yes

    If "No," briefly explain below why this has not been accomplished:

    Click or tap here to enter text.

6. **Does the Contract Manager have a plan to collect and assess contractor and project performance information on a regular basis (e.g., establish meetings with Project Managers, communication techniques)?** Yes

   If "No," briefly explain below why this has not been accomplished:

   Click or tap here to enter text.

4.3   Organizational Readiness

Is the Implementation Management Plan draft complete, approved by the designated Agency/state entity authority, and available for the Department of Technology to review? **Choose**: 'Yes,' 'No,' or 'Not Applicable.' If 'No' or 'Not Applicable,' provide the artifact status in the space provided.

1. **Implementation Management Plan (Draft):** No

   Status: To be completed during the Pilot by the contract project manager and technical lead will present the Implementation Management Plan. Attached Implementation Plan Checklist.

2. **Does the Agency/state entity currently have a mature release management process with a repeatable and scalable testing methodology that supports all stages of testing (system, integration, security, performance, interfaces, regression, user acceptance, and accessibility)?** No

   If "No," briefly describe below the release management process that will be used to manage, plan, schedule, and control a software release through the different phases and environments, including testing and deploying software releases:

   A collaborative effort will be driven and coordinated by the vendor. To be complete during the Pilot.

3. **Does the project team have a clear understanding of the areas of business (identified in Stage 1) that will be impacted by the project?** Yes

   If "No," briefly explain below how the Agency/state entity plans to educate the project team to ensure all members have a clear understanding of the impacted business areas by the project:

   Click or tap here to enter text.

4. **Does the Agency/state entity have processes and methodologies in place to support Organizational Change Management (OCM) activities identified in Stage 2, Section 2.9 Organizational Change Management?** No

   If "No," briefly describe below how the Agency/state entity will perform OCM activities for this proposal:

   No OCM required due to very small user group for the Pilot.

5. **Does the Agency/state entity have dedicated knowledge transfer resources assigned to business process improvement or business process reengineering activities resulting from the new solution?** Yes

   If "Yes," specify the areas of business process improvement:

The main business areas impacted during the pilot will be the Data Analysis Section and Audit Section.

If "No," briefly explain below how the Agency/state entity will perform business process improvement or business process reengineering activities resulting from the new solution:

Click or tap here to enter text.

6. **Attach Updated Project Organization Chart to your email submission.**

Project Readiness

1. Select the system development methodology you plan to use to design and develop the new system: <mark>Hybrid</mark>

   Provide a brief description of your methodology and reason for selecting it below:

   The CDTFA project team has the knowledge, experience, and technical capabilities to develop this system via a hybrid methodology utilizing both the adaptive and predictive development processes. The development of the DATRPS solution requires both these methods due to the nature of the DATRPS solution requiring machine learning models that are best developed iteratively and improved with accuracy with each iteration while the supporting solution modules such as the data lake, data analytics tool (Databricks) are developed sequentially.

   Describe below the Agency/state entity's past project experience using the system development methodology selected. If this methodology has never been used before, describe the training and staff development that will be provided to prepare staff to utilize this methodology.

   The team has experience developing rudimentary machine learning models with the internal CDTFA clementine and pomelo projects and working with the GovOps' "Office of Data and Innovations" projects in this fashion. With the team's project experience and working with the vendor contractor, the team will pull together the whole new DATRPS solution in our CDTFA environment. The CDTFA key staff members are engaged and ready for this Pilot project to start.

2. **Has the Agency/state entity engaged the Office of Technology Services (OTech) for capacity planning and the development of the solution delivery timeline?** <mark>No</mark>

   If "No," and data center capacity planning and alignment services are needed, explain below the reason OTech has not been engaged and what is the alternative plan:

   The reason provided CDT via Harry's email on 5/3/2024 "DATRPS solution will be either AWS (Amazon Web Services) or Microsoft Azure, both FTI-compliant cloud-based solutions and will have no need for storage or any interactions with OTECH IT services"

3. **Have resource commitments been obtained for all those identified in the Resource Management Plan?** Yes

   If "No," explain below why commitments have not been obtained and the plan to mitigate this risk:

Click or tap here to enter text.

4. **Does the Resource Management Plan ensure resources are sufficiently committed to perform project activities if they are <u>also</u> committed to other responsibilities?** Yes

    If "No," explain below how sufficient resource levels will be maintained for all project activities:

    Click or tap here to enter text.

5. **Have all identified project leads received at a minimum basic project management training?** Yes

    If "No," explain how the Agency/state entity will educate the project team leads on project management basics:

    Click or tap here to enter text.

Business Objective Valuation

1. **Attach** the Requirements/Backlog Baseline and/or Deliverables Baseline to your email submission. Attached "G_DATRPS_Requirements_Matrix_S4

2. **Insert your Objectives (ID, Objective, Metric, Baseline, and Target Result) from Stage 1 Section 1.7, along with changes and reason for changes, and assign a percent score value to each. The total of all scores should be 100%.**

    Objective ID: 1

    Objective: Update business activity information by verifying information at all active site locations for all active sales and use tax (SUT) accounts.

    Change and Reason for Change from Stage 1: No change.

    Metric: Number of active site locations identified with business activity for all active SUT accounts.

    Baseline: 1,259,574 active sites are assigned to active SUT accounts as of 09/27/2021. 905,306 (72%) of the sites do not have NAICS info.

    Target Result: Populate/validate NAICSs (Business Activity) for all active SUT account sites.

    Valuation: .33

    Objective ID: 2

    Objective: SUT accounts that require registration reviews.

    Change and Reason for Change from Stage 1: No change.

    Metric: Number of active accounts that require updated SUT accounts.

    Baseline: Active SUT accounts of 977,474 accounts of 09/27/2021.

    Target Result: Identify and update accounts with changes in ownership.

    Valuation: .33

Objective ID: 3

Objective: Develop corresponding industry machine learning models to estimate and predict revenue and under/over tax liability outcomes.

Change and Reason for Change from Stage 1: The Executive Office wanted the project to incorporate machine learning and non-regenerative artificial intelligence capabilities.

Metric: Complete 85% of the 50 planned industries within the contract year.

Baseline: Measurable improvement in audit performance. 64% of audits selected by CDTFA's current selection model result in changed audits.

Target Result: Identifying accounts with material reporting errors under reporting of tax.

Valuation: .34

TIP: Copy and paste or click the + in the lower right corner of the above seven fields to add multiple objectives.

4.4   Schedule Baseline

4.5   Cost Baseline

Is the Cost Management Plan complete, approved by the designated Agency/state entity authority, and available for the Department of Technology to review? Choose: 'Yes,' 'No,' or 'Not Applicable.' If 'No' or 'Not Applicable,' provide the artifact status in the space provided.

1. **Cost Management Plan (Approved):** Yes

    Status: Cost Management Plan has been approved.

2. **Cost Summary**

    Total Planning Cost (One-Time)

    Estimated Proposed Cost (from most recently approved FAW): Click or tap here to enter text.

    Baseline Cost: **$1,989,810**

    Variance: Click or tap here to enter text.

    Total Project Cost (One-Time)

    Estimated Proposed Cost (from most recently approved FAW): Click or tap here to enter text.

    Baseline Cost: **$1,668,404**

Variance: Click or tap here to enter text.

Total Future Operations IT Staff and OE&E Cost (Continuing)

Estimated Proposed Cost (from most recently approved FAW): Click or tap here to enter text.

Baseline Cost: **$213,928**

Variance: Not Applicable

Total Cost

Estimated Proposed Cost (from most recently approved FAW): Click or tap here to enter text.

Baseline Cost: **$3,872,141**

Variance: Click or tap here to enter text.

Annual Future Operations IT Costs (Annual M&O)

Estimated Proposed Cost (from most recently approved FAW): Click or tap here to enter text.

Baseline Cost: **$213,928**

Variance: Click or tap here to enter text.

TIP: Baseline costs should match the submitted Financial Analysis Worksheet for Stage 4.

Reason(s) for Variances

Provide reasons for any cost variances:

No cost variances.

4. **Budget Change Proposal (BCP) Summary**

Not Applicable for the pilot.

Budget Request ID: Not Applicable

Budget Request Year (0000-00): Not Applicable

Requested Amount (specific to the project): Not Applicable

Status: Choose an item.

Budget Bill Language (if supported): Click or tap here to enter text.

TIP: Copy and paste or click the + button in the lower right corner to add BCPs as needed (e.g., Planning and Project related).

5. **Financial Analysis Worksheets (Baseline)** Attached DATRPS - FAW - 6-26-2024_ITCU as approved by Ted Ryan from Department of Finance via his email dated 6/26/2024.

6. **Attach Final FAWs** to your email submission.

Primary Solicitation Results

1. **Attach** the approved Evaluation and Selection Report for the primary solicitation to your email submission.

2. **Attach** the proposed contract resulting from the primary solicitation to your email submission.

3. **Was one of the viable solutions in Stage 2 selected for final contract award?** Yes

    If "No", please describe:

    Click or tap here to enter text.

4. **Selected Vendor Name:** Deliotte Consulting LLP

    a. **Contract Number:** 2023-4147

    b. **Contract Start Date**: 6/28/2024

    c. **Contract End Date**: 6/27/2025

5. **Total Contract Cost (without optional years): $889,799.30**

    a. Optional Years (Number of Months): 24 months

6. **Total Cost of Optional Years: $**10,000,000.00 (ROM estimate only, this is not yet approved**)**

7. **Total Contract Cost (with optional years):** $10,889,799.30

Are the following Project Management Plan Drafts approved by the designated Agency/state entity authority and available for the Department of Technology to review? **Choose**: 'Yes,' 'No,' or 'Not Applicable.' If 'No' or 'Not Applicable,' provide the artifact status in the space provided. These plans may be completed with the selected primary vendor.

1. **Configuration Management Plan (Draft):** No

    Status: The vendor will supply the Configuration Management Plan during the Pilot.

2. **Data Management Plan (Draft):** No

    Status: The vendor will supply the Data Management Plan during the Pilot.

3. **Maintenance and Operations Transition Management Plan (Draft):** Not applicable

    Status: Maintenace and operations will not be applicable until after Wave 3.

4.6   Risk Register

Attach Attached M_CDTFA_DATRPS_S4_RiskRegister

End of Stage 4 Project Readiness and Approval Document.

Please ensure ADA compliance before submitting this document to CDT.

When ready, submit Stage 4 and all attachments in an email to ProjectOversight@state.ca.gov.

TIP: Use the Gate 4 Project Readiness and Approval Evaluation Scorecard ([SIMM Section 19-D](#)) as an internal tool to ensure a quality submission.

Department of Technology Use Only

Original "New Submission" Date: 06/27/2024

Form Received Date: 06/27/2024

Form Accepted Date: 06/27/2024

Form Status: In Analysis

Form Status Date: 06/27/2024

Form Disposition: Choose an item.

Form Disposition Date: Click or tap to enter a date.