



Oregon

Kate Brown, Governor

Department of Administrative Services

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MEMORANDUM

Date: 13 January 2016
To: Alex Pettit, State CIO
From: Ed Arabas, Lead Senior Operations & Policy Analyst
Re: Oregon Public Employees Retirement System (PERS) Individual Account Program (IAP) Administration into the Oregon Retirement Information Online Network (ORION) System Project (IRR#14-014)

BACKGROUND

Previous OSCIO memoranda describe the high-level justifications and documentation that PERS developed for this project, and those justifications remain valid. The 2015 Legislature approved the PERS request for IAP's Phase 3 Other Funds expenditure limitation in the amount of \$1,914,399 with conditions, most of which related to concerns around the project's foundational planning artifacts and readiness to move into formal IAP Admin project execution. The Legislature then requested that the Department of Administrative Services (DAS) unreschedule all of the approved expenditure limitation, conditioned its rescheduling on agreement between the Office of the State CIO (OSCIO), the Chief Financial Office (CFO), and the Legislative Fiscal Office (LFO), and DAS complied with this request. In August, 2015, \$400,000 was rescheduled to complete the foundational planning artifacts and to demonstrate the project's readiness to execute.

DISCUSSION

As noted in the revised Stage Gate 2 memorandum (dated August 28, 2015), PERS has undertaken a hybrid system development methodology that incorporates some aspects of waterfall and iterative processes. Since the agency has decided to undertake this work internally with staff augmentation contracted services, all project risk is borne by PERS. All work packages (22, comprising 65 use cases) have been fully elaborated and one work package (comprising seven use cases) has been constructed. PERS has revised its estimates of resourcing and timeframes to complete the IAP Administration into ORION Project.

PERS has cooperated fully with the OSCIO and LFO by (1) developing and submitting the required project management artifacts, (2) engaging with its independent Quality Assurance/Quality Control (QA/QC) services provider (Maximus), and (3) completing the LFO's Readiness/Ability Assessment. Draft quality control reports for the IAP Business Case and Project Management Plan have been received, and no glaring issues or omissions were noted. Maximus has provided a draft Quality Management Plan for PERS and OSCIO review, and the project anticipates further engagement for monthly risk review and status reporting.

Phase 3 of the IAP Administration into ORION Project is now estimated to cost \$4,462,000 (as compared to the original \$1,914,399 approved in 2015) and the estimated timeframe for completion is now December 31, 2018 (as compared to the original timeframe of June 30, 2017).

RECOMMENDATION

The OSCIO recommends Stage Gate 3 approval for the IAP Administration into ORION Project, and that the Chief Financial Officer's PERS fiscal analyst reschedule expenditure authority to support project execution, with the following conditions:

- (1) PERS must approach the appropriate Legislative body to acquire additional expenditure limitation/authority if additional resources beyond the \$1,914,399 allocated by the 2015 Legislature are needed,
- (2) PERS must continue to employ its independent Quality Assurance/Quality Control (QA/QC) services provider, and must amend its existing contract to authorize, at minimum, monthly and quarterly status reports (these reports will be shared between OSCIO and LFO as legally required); and,
- (3) If at any time the project timeframe or cost increases in excess of 10% (the project schedule is forecast to extend beyond April of 2019, or project costs are forecast to exceed \$4,900,000), or if there are significant changes to the project's scope of work, then the OSCIO and LFO must be notified and revised project documentation submitted to each office for review and re-approval.

Analysis prepared by: Edward P. Anbar II Date: January 13, 2016

Analysis approved by: [Signature] Date: Jan 13, 2016