



# Department of Accounts Cardinal Initiative

House Appropriations  
General Government and Capital Outlay  
Subcommittee

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January 28, 2015



# What is Cardinal?

- DOA and VDOT Partnership to replace legacy systems using Oracle PeopleSoft software, Accenture integration services and VITA IT infrastructure
- Statewide Financial Management System
  - Statewide Base Financials – general ledger, accounts payable, funds receipt
  - VDOT-only Modules – accounts receivable, project accounting, procurement, time/attendance and labor distribution
  - Replaces obsolete CARS and FMS systems
- First step towards robust statewide system capable of meeting agencies needs in lieu of costly agency-based financial management systems



# Background

- 2004-05 – Business case and Enterprise Resource Planning (ERP) system evaluation
- 2006-07 – Full ERP and reduced ERP plans not fully funded
- 2008-09 – Cardinal plan approved, PS/Accenture contracts established
- 2010-12 – Statewide Base System and VDOT-only modules developed
  - Part 1 – in production in VDOT – December, 2011
  - Part 2 – in production in DOA – October, 2012
- 2013-2016 – Statewide Base System roll-out (Part 3)
  - Wave 1 – Cardinal-only agencies, Statewide Base in production – October, 2014 – 143 agencies, nearly 400 users
  - **Wave 2** – Cardinal Interface agencies, planned for February, 2016 – 137 agencies, 1,300 users
- CARS to be decommissioned effective FY 2017 when Cardinal becomes financial management system-of-record



# Project Funding Status

- Parts 1 and 2
  - Funded primarily by Transportation
- Part 3
  - Funded entirely by \$60 million WCA
  - \$32.2 million expended through December, 2014
  - Project on schedule and on budget
- Upon conversion, charges captured through Enterprise Applications Internal Service Fund (EA ISF)
  - Charges imposed on agencies based on Cardinal budgeted operating costs and agency transaction counts
  - WCA repayment begins in FY 2017 following CARS decommissioning
  - Repayment over 10 years to be included as budgeted cost in agency rate calculation



# Challenges

- Wave 2 agency-systems interface development
  - 137 agencies (61 different control agencies)
  - Up to 16 different interfaces (transaction types) per agency
- Cardinal Scope Management
  - eVA integration (Chapter 2, Item 76 C.2.)
  - Expansion of Base Financials with VDOT-only modules – TBD
  - CIPPS Payroll system replacement initiative – TBD
- Vendor Database Standardization (Chapter 3, Item 256 B.2.)
  - Standardize disparate sources (e.g., eVA and agencies) of vendor name and address information, improving expenditure transparency
  - Centrally performing TIN matching and W-9 acquisition to facilitate accurate and complete IRS Form 1099 reporting
  - Exchange of standard vendor information for disbursements with interface agencies under Wave 2



# CIPPS Background

- Originally implemented in the mid-1980s
  - IBM Mainframe, COBOL
  - Originally McCormack and Dodge, sold to Dun and Bradstreet, then GEAC, and finally Infor (CIPPS' current owner)
  - Infor announced support guaranteed only through May 31, 2018
  - Vendor support for payroll is critical to obtain software updates for federal and state tax tables and rule changes
- Budget Bill (Item 256 B.1.) increases WCA to provide funding to start project
- Expand existing Cardinal footprint versus RFP



# Expand Cardinal Footprint vs RFP

- Expand Cardinal Footprint
  - Leverage investments already made in a common software architecture, skilled resources, proven project team, contracts, successful implementation methodology, existing PeopleSoft software and shared services partnership between DOA, VDOT, VITA, Oracle PeopleSoft and Accenture
- RFP
  - Issue an RFP for payroll software and integration services, purchase different payroll software, establish separate project and production support teams outside of Cardinal



# Expand Cardinal Footprint

- Software – Oracle PeopleSoft payroll
  - Used by more state governments than any other payroll software
  - Same financials and payroll software allows tighter integration and more effective business processes
    - Real-time integration with Cardinal chart of accounts, general ledger, standard vendors for garnishments, benefits and expenses
    - Common application security and user experience
    - Leverage existing PMIS (statewide Personnel system) interface
  - Common products and toolsets allow for more efficient production support by COV, lowering risk and cost
  - Proven track record in COV – Cardinal success due in part to PeopleSoft's robust functionality and stability



# Expand Cardinal Footprint

- Implementation Partner – Accenture
  - Leading private industry and public sector PeopleSoft implementer with a deep bench of highly skilled resources
  - Robust implementation methodology, strong project management and ability to adjust to COV needs
  - Unique master alliance relationship with Oracle provides premium software support not available to most clients (access to PeopleSoft development team, input on future directions of products, faster system fixes/patches, etc.)
  - Proven track record with large, complex system implementations in COV (e.g., Cardinal), on time and within budget



# Expand Cardinal Footprint

- Partnership – Department of Accounts, Department of Transportation, VITA, Oracle PeopleSoft, Accenture
  - The Cardinal development, test and production technical environments including Wave 2 roll-out are currently supported under the partnership
  - The proven, strong Cardinal project team capable of implementing PeopleSoft payroll on time and within the budget is already in place



# Expand Cardinal Footprint

- Cost Justification – leveraging existing Cardinal infrastructure will lower costs
  - Risk and complexity factors drive costs
    - RFP Cost – avoided
    - Project Management Cost – leveraged
    - Change Management Cost – leveraged
    - Technical Infrastructure Cost – leveraged
    - Production Support Cost – leveraged
    - Software Integration Cost – avoided
    - Project delay and failure – avoids risk of starting from scratch with unknown software, integration services provider and project team
  - Analysis and justification for reasonableness of project costs can be assured through a separate contract
    - Expanded Independent Verification and Validation (IV&V) – not only project requirements and milestones, but cost reasonableness
    - Separate IV&V contract negotiated with another “Tier 1” integrator



# RFP Disadvantages

- Disregards Previous Request for Proposal (RFP)
  - COV issued a competitive RFP for ERP software and integration services in 2009
    - Resulted in the acquisition of a perpetual statewide license for the full-suite of Oracle PeopleSoft modules (including Payroll) and a comprehensive integration services/support contract with Accenture through August, 2019
- Disregards Commonwealth's ERP vision
  - Implementation of VDOT-only modules and Statewide Base financials was first step
    - Phased implementation of other ERP modules (including Payroll) was planned with PeopleSoft
- Discounts merits of Cardinal Project and Production Team
  - DOA, VDOT, VITA, Oracle PeopleSoft, Accenture partnership
    - Leverages the strengths of all five organizations
- Emphasizes possibility of Lower Cost vs. certainty of Best Value
  - Cardinal approach is quality focused and risk averse
    - Using leading suppliers, experienced teams, realistic schedules and cost estimates