



COMMONWEALTH of VIRGINIA

Office of the Governor

P.O. Box 1475
Richmond, Virginia 23218

January 4, 2008

The Honorable Timothy M. Kaine
Governor of Virginia
Patrick Henry Building, Third Floor
Richmond, Virginia 23219

Dear Governor Kaine:

Item 54.10, Chapter 3, 2006 Acts of Assembly, Special Session I (Appropriation Act), established the Enterprise Applications Public-Private Partnership Project Office (EAPPPO) effective July 1, 2006, for the purpose of modernizing central administrative systems through an Enterprise Applications Public-Private Partnership. The appropriation act language requires the project office director to provide you with reports on the status of the project as well as funding needs, areas of risk, and any major problems.

The following is an outline of activities that have taken place since the last Virginia Enterprise Applications Program (VEAP) status report dated September 28, 2007.

Major Activities of the VEAP

1. As I outlined in my last update, the primary focus of the activities of the VEAP has been to develop an enterprise financial management system. A formal Business Case Analysis (BCA) was conducted with an emphasis on an Analysis of Alternatives. Four different alternatives were analyzed with two alternatives evaluated in greater detail.
 - a. Alternative 1 is the current scope of the VEAP Financial Management project. Phase 1 of this alternative involves replacing Department of Accounts' central financial system (CARS) and agency financial management systems at VDOT, DGS, VITA, and VEC with a financial management Enterprise Resource Planning (ERP) system. Phase 1 also included agencies that use CARS as their primary financial management system (approximately 139 agencies) to transition to the new ERP. Financial capabilities, along with new Fixed Assets and Time-Labor and Leave functionality, would be developed. The Phase 2 scope included migration of the remaining applicable executive branch agencies onto the ERP.
 - b. Alternative 4 limited the system replacement just to CARS agencies with a new ERP system. The functional scope was the same, but it excluded the Project/Grant complexities of VDOT. The system would be deployed to the 139 agencies that use CARS today.
2. Neither Alternative 1 (five years, \$136M) nor Alternative 4 (three years, \$62M) met the priority threshold of the difficult FY09/10 budget formulation. A Request For Proposals (RFP) for the Financial Management ERP has been delayed until a go-forward strategy can be determined for the Financial Management project.
3. VEAP will work with VDOT, VEC, and DOA (the three agencies that require a new financial management capability as soon as possible) to continue to move forward on a financial management solution. Other alternatives, including a smaller project scope or a CARS technology refresh, are being discussed.
4. VEAP is finishing up work on a new Chart of Accounts (COA). This COA will provide the basis for any new financial management system to be built within the executive branch. VEAP is also coordinating Business Process Improvements (BPI) recognized in the development of the Financial Management Future State Documents. Some of these BPIs are process changes and do not require a new system to implement.
5. In October, the Information Technology Investment Board (ITIB) was briefed on two projects that were separated out of the Financial Management project – Performance Budgeting and Business Intelligence. Due to scope and speed to production, VEAP decided to separate these projects. When these projects receive ITIB approval for development, both will be funded from a working capital advance authorized in the FY07 appropriation.

The Honorable Timothy M. Kaine

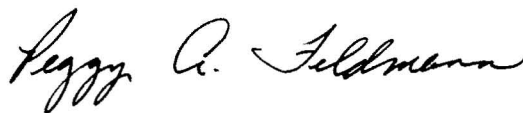
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6. In October, CGI, Inc and TAX signed a management agreement for enhanced tax collections. On November 20th, TAX sent CGI, Inc 15,000 accounts, totaling 26,000 bills worth \$24.2 million. The revenues derived from these enhanced collections will be deposited into the Virginia Information Technology Fund (VITF). Repayment of the working capital advance will come from enhanced collections.
7. The Business Intelligence (BI) initiative is not a typical IT project. An executive agency standard BI tool will be procured and made available to the agencies for their use. A Center of Excellence will be established to help smaller agencies acquire the needed reporting capability while fostering collaboration among the larger agencies to more efficiently manage these capabilities.
8. VEAP is working with Department of Planning and Budget (DPB) to release an RFP in January to acquire a performance budgeting software package. The RFP evaluation timeline is dependent on the workload of DPB as the legislative session progresses in the third quarter FY08.

I will continue to advise you on the progress made on these projects. In addition, I will be glad to update you on the program at anytime. Please let me know if you have any questions or concerns.

Sincerely,



Peggy A. Feldmann
Director, Enterprise Applications

Enclosures



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P.O. Box 1475
Richmond, Virginia 23218

January 4, 2008

The Honorable Charles J. Colgan
Chairman, Senate Finance Committee
Virginia General Assembly
10677 Aviation Lane
Manassas, VA 20110-2701

The Honorable Lacey E. Putney
Chairman, House Appropriations Committee
Virginia General Assembly
P.O. Box 127
Bedford, VA 24523

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Director, Enterprise Applications

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VEAP Budget Status through November 2007

	Phase I Planning Budget	Actual (11/30/07)	Remaining Budget
Personnel	2,178,393	1,305,288	873,105
<i>EA Project Management Office</i>	578,471	356,598	221,873
<i>CoVA Project Team</i>	1,599,922	948,690	651,232
Office Space	0	0	0
Operational Costs	20,375	11,375	9,000
Other	34,177	31,177	3,000
Contracts	8,752,225	6,301,212	2,451,013
<i>CGI Fixed Fee</i>	1,200,000	1,150,000	50,000
<i>CGI and Strategic Consultants T&M</i>	5,182,913	4,393,414	789,500
<i>Planning Support</i>	46,561	46,561	0
<i>Executive Recruiter</i>	55,102	55,102	0
<i>Change Management</i>	151,046	39,354	111,692
<i>RFP Requirements Development</i>	65,000	65,000	0
<i>Procurement Assessment</i>	67,479	67,479	0
<i>Supplemental Project SMEs</i>	1,448,664	358,527	1,090,136
<i>Business Case Development</i>	191,080	0	191,080
<i>Performance Budgeting Due Diligence</i>	228,601	59,996	168,605
<i>Independent Verification & Validation</i>	115,779	65,779	50,000
Office Supplies	10,487	7,487	3,000
Travel/Business Meals	4,344	3,744	600
Total:	11,000,000	7,660,282	3,339,718