

COMMONWEALTH of VIRGINIA

DAVID A. VON MOLL, CPA
COMPTROLLER

Office of the Comptroller

P. O. BOX 1971
RICHMOND, VIRGINIA 23218-1971

June 16, 2015

To: The Honorable Nancy Rodrigues
Secretary of Administration

The Honorable Richard D. Brown
Secretary of Finance

From: Joseph F. Damico, Deputy Director
Department of General Services

Lewis R. McCabe, Deputy State Comptroller
Department of Accounts

The Department of General Services (DGS) and the Department of Accounts (DOA) are pleased to provide the quarterly progress report to the Secretaries of Administration and Finance for submission to the Governor and Chairmen of the House Appropriations and Senate Finance Committees on the integration of eVA and Cardinal as required by the 2014 Acts of Assembly, Chapter 3, Item 76.C.2.

As previously communicated, for the January through June 2015 time period, the items to be focused on included:

- 1) Review data elements
- 2) Begin integration draft scope of work developed
- 3) Budget language amended to reflect timeline

Progress:

The eVA and Cardinal teams have been working very collaboratively over the past few months to analyze the 14 business processes in scope to the eVA Cardinal Integration effort. Through a series of workshops, each process has been decomposed into detailed subprocesses to better

The Honorable Nancy Rodrigues
The Honorable Richard D. Brown
June 16, 2015
Page 2

understand the current state, the ideal future state, and the business requirements. For each of these business processes, a draft flow and narrative has been created to document:

- How the business processes interact with the business/user roles
- Flow and sequence of tasks and dependencies, including inputs, outputs and outcomes
- Business rules applicable to the organization with which the system must comply
- Change management and training impacts
- Integration and technical considerations

What has been concluded by the project team is that whatever the final technical and functional integration solutions are, they need to be such that they are flexible enough to be configured to meet agency unique business needs. There is no one static solution that fits all. The team's commitment recognizing eVA as the Commonwealth's statewide procurement solution, and Cardinal Base Financials becoming the statewide financial management system of record, continues to drive the team's vision to develop solutions that result in operational procurement and financial efficiencies in state agencies, institutions, and other impacted public bodies.

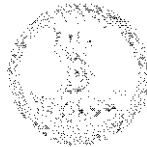
Next Steps:

Over the next few months, these flows and narratives will be confirmed by the joint project team. Once the future state is finalized and the requirements are confirmed, a fit-gap analysis will be conducted to identify any gaps in the existing Cardinal software and eVA solution that must be addressed to meet the established requirements. Finally, an implementation estimate, schedule and staffing plan for the Cardinal to eVA integration will be defined for the Cardinal project and eVA program.

As mentioned, the eVA and Cardinal teams comprising several subject matter experts have been working collaboratively over the past several months. Representatives from the Auditor of Public Accounts' office have been present during these work sessions. On April 22, 2015, the Auditor of Public Accounts sent a letter to the Secretary of Finance and the Secretary of Administration raising certain questions and concerns regarding the current integration effort (see attached letter); however, DOA and DGS are proceeding with the integration as required by the Appropriation Act.

c: Richard F. Sliwoski, Director
Department of General Services

David A. Von Moll, State Comptroller



COMMONWEALTH of VIRGINIA

Auditor of Public Accounts

Martha S. Marnedes, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218
(804) 325-3359

April 22, 2015

Ric Brown, Secretary of Finance
Patrick Henry Building
1111 East Broad Street
Richmond, VA 23219

Nancy Rodrigues, Secretary of Administration
Patrick Henry Building
1111 East Broad Street
Richmond, VA 23219

Dear Secretaries Brown and Rodrigues,

I want to provide you both with a follow-up to our meeting on April 13th regarding the APA's concerns over the Cardinal/eVA interface project's scope. Since that time we have received and reviewed a letter from Richard Sliwoski dated April 17th which indicates that the project's current steps are only planning-related and therefore we feel comfortable waiting to make our recommendations in an official report later this summer. That said, I would like to explain what our report may recommend regarding this matter.

As currently written, Item 76 C.2 of the 2014 Appropriation Act, Chapter 3 requires the Departments of General Services and Accounts to develop an implementation timetable, scope, and cost for real time integration between eVA and Cardinal, with final integration to be completed by February, 2017. As written, it does not provide for the exclusion of any agencies using Cardinal, such as the Department of Transportation, or purchase cards. Although an implementation schedule was submitted to the House Appropriations and Senate Finance Committees, there is currently no requirement that the Committees approve the implementation plan before execution begins.

We will likely recommend that General Services and Accounts present their plan along with a cost estimate to the Senate Finance and House Appropriations Committees for approval before beginning the execution phase. The presentation should include an analysis of the estimated volume of Cardinal transactions that will gain transparency from the interface, the related annual efficiency savings, and the payback period. It should also include an explanation of the volume of Cardinal transactions that will not be interface, if any, and why. To provide a

Secretary Ric Brown,
Secretary Nancy Rodrigues,
April 22, 2015
Page 2

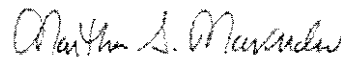
complete perspective of the transparency this project will achieve, we will recommend the presentation also describe the volume of payment transactions that interface from agency-based financial systems to Cardinal but are not part of the Appropriation Act requirement.

Although we agree that an interface between eVA and Cardinal has the potential to improve transparency, the Commonwealth will not likely achieve significant benefits without including purchase cards and large volume agencies. Although more than 130 agency codes were included in Cardinal's Wave 1 phase, we found only 63 agencies had any transactions in eVA during fiscal year 2014 and the significant majority of these transactions were made with purchase cards, leaving relatively few procurement vouchers to interface. As a result, we will also likely recommend that General Services and Accounts include purchase cards in their analysis and implementation plan since providing transparency over these purchases will account for substantially more transparency than would be gained by solely interfacing non-purchase card transactions.

As part of assessing how to deal with purchase card transactions, we will likely recommend that General Services and Accounts review the current PeopleSoft-based purchase card module used by Transportation. Their module is already integrated with the Cardinal payment module and collects data from the bank card vendor daily, facilitates daily cardholder reconciliations and approvals, and associates detailed transactions with the bank card vendor's monthly invoice. This module has the potential to provide the desired procurement transparency for other Cardinal agencies and also generate efficiency savings over the current manual reconciliation and approval process. If the analysis shows that the transparency benefit of interfacing purchase card transactions for Cardinal agencies is worth the investment, General Services and Accounts should compare the cost of building custom eVA to Cardinal interfaces and logic to match those purchase card transactions with the associated bank card vendor's invoice to rolling out Transportation's PeopleSoft purchase card module. Either solution should be effective in providing the desired transparency but the PeopleSoft purchase card module may provide additional functionality that will improve current manual processes.

Please let me know if you have any questions.

Sincerely,



Martha S. Mavredes, CPA
Auditor of Public Accounts

Cc:

Richard F. Sliwoski, Director, Department of General Services
David A. Von Moll, Comptroller, Department of Accounts