Enterprise Resource Planning (ERP) Program

Auditor General ERP program overview
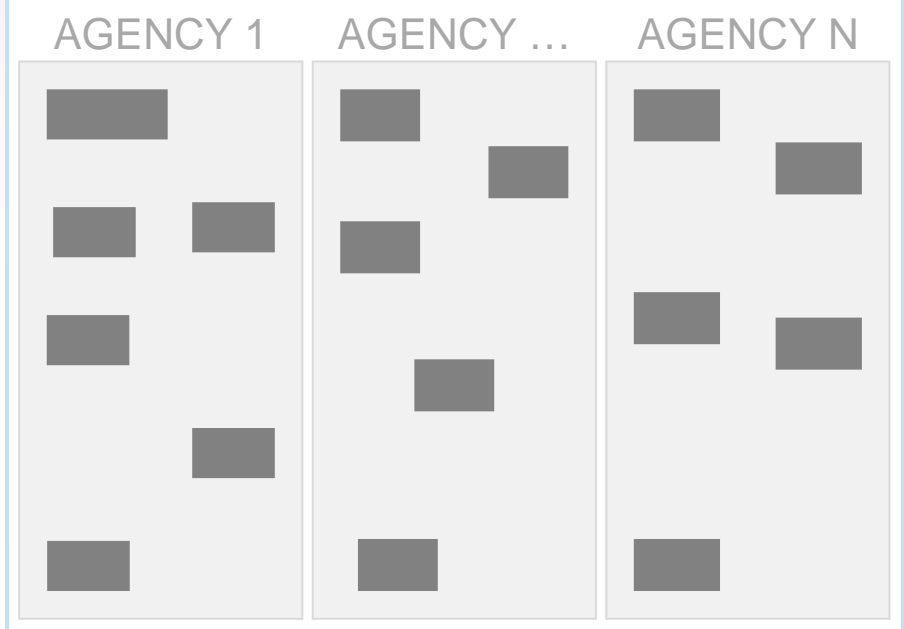
October 2015

The State of Illinois will move from a set of disjointed systems and tools, to one integrated platform
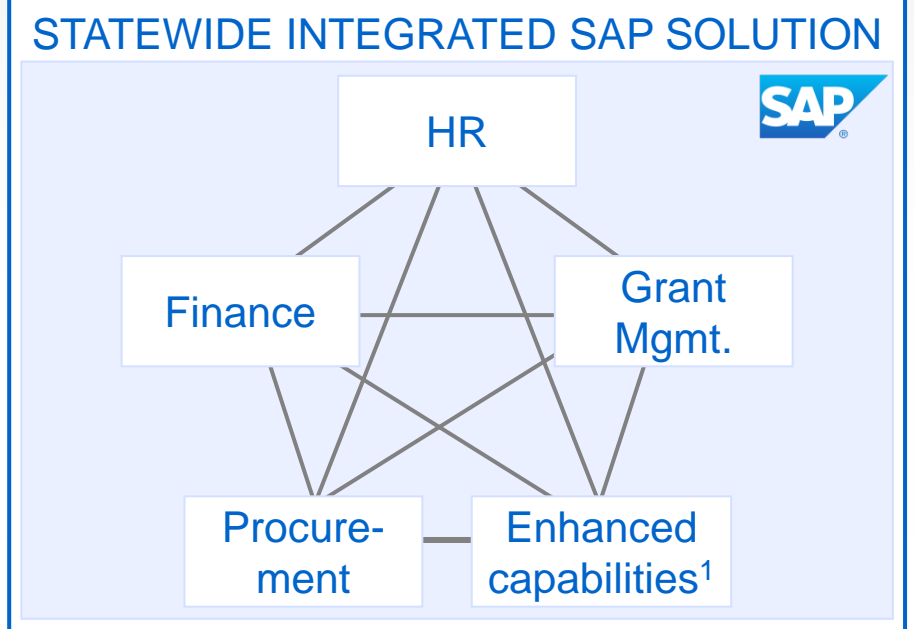
FROM ...

Multiple legacy systems, tools, and spreadsheets at various agencies

- **190+** financial systems
- **~230** HR systems
- **3 or more** procurement systems
- **Multiple excel-based** tools

AGENCY 1   AGENCY ...   AGENCY N

... TO

One integrated platform across finance, procurement, grants management, human capital management *(HCM)*, and advanced capabilities/decision support

STATEWIDE INTEGRATED SAP SOLUTION

SAP

- HR
- Finance
- Grant Mgmt.
- Procure-ment
- Enhanced capabilities[1]

1 Enhanced capabilities incl. decision support analytics, learning, performance, & add'l fin. functionality

The statewide ERP program will streamline administrative functions and lay the foundation for efficient government

Vision of the ERP Program:

Rapidly implement an industry-leading software (SAP) that will **deliver a modern, integrated IT platform across finance, human capital management, and procurement** for all agencies within the State of Illinois to

- ❑ Drastically **improve the efficiency of administrative and citizens services**

- ❑ Consistently deliver **financial statements in a timely manner**

- ❑ Enable statewide **transparency, access to information, and swift decision-making**

- ❑ Enable State operations to receive a **clean audit** from the Auditor General

- ❑ Be a catalyst for **statewide transformation of _all_ administrative services**

The ERP program will help address many of the State's administrative challenges

Major issues faced by State

Competitive disadvantage
Illinois **lags large U.S. states in leveraging IT to improve administrative** and **citizen services**

Funding and transparency risk
Negative Auditor General reports put significant funding at risk at a time of budgetary challenges

Lack of control
Difficult to manage and monitor financial, procurement and personnel activity in real time

Redundancy
400+ overlapping IT solutions with **manual and duplicative processes**

Operational risk
Outdated and sub-optimal IT solutions that are difficult and costly to maintain

Major benefits from ERP program

Improved taxpayer and investor satisfaction due to automation

Timely delivery of financial statements and increased compliance with grants requirements

Improved financial and procurement process effectiveness due to increased transparency

Greater productivity and efficiency by **consolidating ~300 legacy IT systems and 120+ redundant processes**

Easier system maintenance and improved employee morale

The current focus is on Financials, Procurement and Grants Management

☐ Current Focus

Functionality that addresses audit findings (e.g., Financials) or delivers the highest value (e.g., Grants) is prioritized

Wave 1: Manage the money	Wave 2: Manage the people	Wave 3: Support decision making

- Establish **full transparency of State financials**
- Address all major **audit findings** upfront
- Capture benefits from **improved Grants and Procurement mgmt**

- Establish **accurate resource view** for all State employees
- **Automate and streamline standard HR processes**

- Provide analytics to **improve decision making**
- Allow value-add enhancements to **increase automation and efficiency**

Financials, Procurement and Grant Management
- *General Ledger*
- *Accounts Payable/Receivable*
- *Asset Lifecycle Management*
- *Project Accounting*
- *Bank Reconciliation*
- *Budgeting*
- *Procurement*
- *Encumbrance Accounting*
- *Grants Management*

Human Capital Management (HCM)
- *Hiring Management*
- *Personnel Administration*
- *Labor Relations*
- *Payroll Management*
- *Benefits Administration*
- *Compensation Management*
- *Time & Attendance Management*
- *Leave Management*

ERP Version 2.0: Enhanced capabilities and decision support
- *Enhanced Financials and HCM functionality*
- *Treasury & Cash Management*
- *Performance Management*
- *Learning Management*
- *Decision support*
  - *Financial Analytics*
  - *Procurement Analytics*
  - *HCM Analytics*
  - *Project Analytics*

Agencies in and out of scope for statewide ERP solution

In scope[1]

Agencies	Type	Agencies	Type
Healthcare And Family Services (HFS)	Governor's Agencies	Insurance	Governor's Agencies
Transportation (DOT)	Governor's Agencies	State Fire Marshal	Governor's Agencies
Human Services (DHS)	Governor's Agencies	Racing Board	Governor's Agencies
Central Management Services (CMS)	Governor's Agencies	Historic Preservation (HPA)	Governor's Agencies
Commerce And Econ Opp (DCEO)	Governor's Agencies	Workers' Compensation (WCC)	Governor's Agencies
Capital Development Board (CDB)	Governor's Agencies	Law Enforcement Training	Governor's Agencies
Environmental Protection (EPA)[2]	Governor's Agencies	Labor (DOL)	Governor's Agencies
Corrections (DOC)[3]	Governor's Agencies	Illinois Arts Council	Governor's Agencies
Lottery	Governor's Agencies	Guardianship And Advocacy	Governor's Agencies
Children And Family Serv (DCFS)	Governor's Agencies	Inspector General	Governor's Agencies
Aging	Governor's Agencies	Executive Ethics Comm. (incl. CPO)	Governor's Agencies
Natural Resources (DNR)	Governor's Agencies	State Police Merit Board	Governor's Agencies
Revenue (DOR)	Governor's Agencies	Governor	Elected officials
Public Health (DPH)	Governor's Agencies	Drycleaner Council	Governor's Agencies
Emergency Mgt Agency (IEMA)	Governor's Agencies	Property Tax Appeal Board	Governor's Agencies
Management And Budget (GOMB)	Governor's Agencies	Council On Dev Disabilities	Governor's Agencies
State Police	Governor's Agencies	Human Rights Commission	Governor's Agencies
Employment Security (IDES)	Governor's Agencies	EdLabor Relations Board	Governor's Agencies
Gaming Board (Gaming)	Governor's Agencies	Prisoner Review Board (PRB)	Governor's Agencies
Criminal Justice Info Authority (CJIA)	Governor's Agencies	Labor Relations Board	Governor's Agencies
Metropolitan Pier And Exposition (MPE)	Governor's Agencies	Lieutenant Governor	Elected officials
State Comptroller (IOC)	Elected officials	Deaf And Hard Of Hearing	Governor's Agencies
Commerce Commission (Commerce)	Governor's Agencies	Independent Tax Tribunal	Governor's Agencies
Veterans' Affairs (VA)	Governor's Agencies	Procurement Policy Board	Governor's Agencies
Juvenile Justice (DJJ)	Governor's Agencies	Civil Service Commission	Governor's Agencies
Financial And Prof Reg (DFPR)	Governor's Agencies	CHIP	Governor's Agencies
Agriculture	Governor's Agencies	Violence Prevention Authority	Governor's Agencies
Military Affairs (incl. Ntl. Guard)	Governor's Agencies	Medical District Commission	Governor's Agencies
Illinois Power	Governor's Agencies	Human Rights	Governor's Agencies

58 agencies

Out of scope

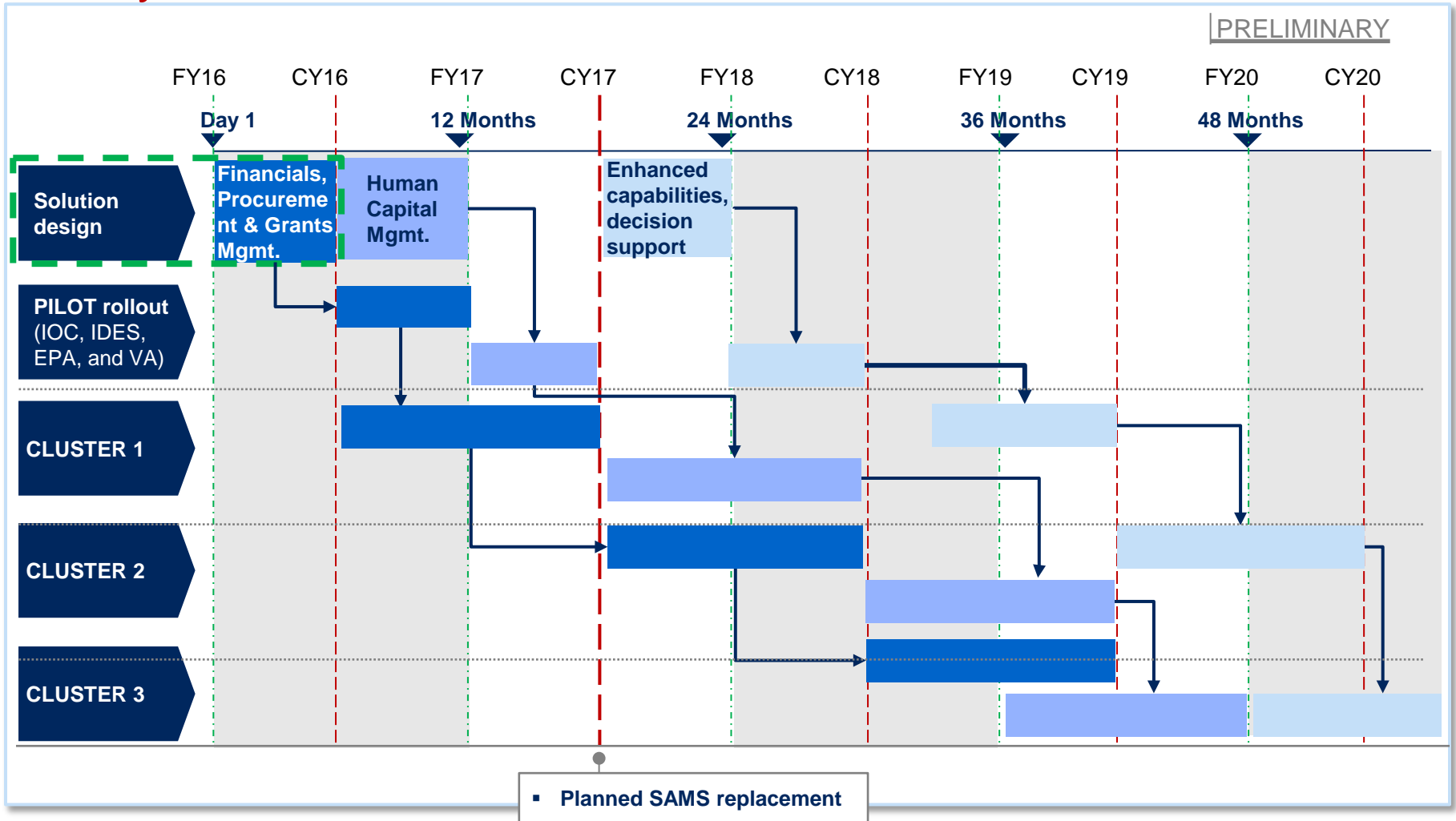| Agencies	Type
State Board Of Education	Elementary Education
Teachers' Retirement	Elementary Education
State Universities Retirement	Higher Education
State Employees' Retirement (SERS)	Governor's Agencies
Student Assistance Commission	Higher Education
University Of Illinois	Higher Education
Secretary Of State	Elected officials
Community College Board	Higher Education
Supreme Court[4]	Judicial
Architect Of The Capitol	Legislative
University, Southern Illinois	Higher Education
Judges Retirement System	Judicial
University, Northern Illinois	Higher Education
Attorney General	Elected officials
University, Illinois State	Higher Education
General Assembly	Legislative
University, Western Illinois	Higher Education
University, Eastern Illinois	Higher Education
Court Of Claims	Judicial
University, Chicago State	Higher Education
University, Northeastern Illinois	Higher Education
Auditor General	Legislative
State Board Of Elections	Elected officials
University, Governors State	Higher Education
Math And Science Academy	Higher Education
Appellate Defender	Judicial
Board Of Higher Education	Higher Education
Attorneys Appellate Prosecutor	Judicial
GA Retirement System	Legislative
Supreme Court Historic Preservation	Judicial
Legislative Information System	Legislative
Legislative Research Unit	Legislative
Forecasting and Accountability	Legislative
Legislative Reference Bureau	Legislative
Legislative Printing Unit	Legislative
Universities Civil Service System	Higher Education
JCAR	Legislative
Judicial Inquiry Board	Judicial
Legislative Ethics Commission	Legislative
Legislative Audit Commission	Legislative
State Charter School Commission	Elementary Education

41 agencies

1 Excludes authorities (e.g., Tollway), which may be in scope at later date 2 Includes Pollution Control Board
3 Includes Sex Offender Mgmt Board 4 Includes Administrative Office of Illinois Courts

Initial plan: To rollout "Wave 1" to pilot agencies by the end of fiscal year 2016

🔲 **Where we are today**

PRELIMINARY

	FY16	CY16	FY17	CY17	FY18	CY18	FY19	CY19	FY20	CY20
	Day 1		12 Months		24 Months		36 Months		48 Months	

Solution design

Financials, Procurement & Grants Mgmt.

Human Capital Mgmt.

Enhanced capabilities, decision support

PILOT rollout (IOC, IDES, EPA, and VA)

CLUSTER 1

CLUSTER 2

CLUSTER 3

■ **Planned SAMS replacement**

Accelerated time-to-implementation, quick wins, and early business impact vs. elongated, full-featured deployment

ERP organization structure

Details in appendix

State of Illinois team

1 Program Oversight Group

2 Steering Committee

Executive Sponsor (Hardik Bhatt)

PMO

ERP Program Director (Kevin O'Toole)

D McKinsey Team

3

Project Managers (Scope/Work, Resource, Issue/Risk, Quality)

B Accenture PM

C Deloitte PM

A State ERP resources

Functional Leads

Legacy system / technical Leads

Organizational Change Enablement Lead(s)

Testing Leads

Agency ERP resources

Finance SMEs

Procurement SMEs

Grants Mgmt SMEs

Technical Leads

Change Champions

Sponsor

Liaison

Admin Liaison

Overview of ERP implementation governance bodies

		Description
1	**Program oversight group**	▪ **Oversight and decision-making body** on program scope, funding, and implementation priorities ▪ **Small group** of very senior executives ▪ **Chaired by the State CIO** ▪ **Exists until the end of implementation** at which time responsibilities of this body will be transitioned to a different body providing operational governance
2	**Steering committee**	▪ **Guidance body** comprised of senior state leaders from variety of agency and constitutional offices ▪ **Reviews progress and provides input** to the Program Team ▪ **Chaired by the State CIO** ▪ **Exists until the end of implementation** at which time responsibilities of this body will be transitioned
3	**PMO**	▪ **Daily operational body** that manages the program, including timeline, deliverables, quality, and budgets according to plan, and takes appropriate action as needed ▪ **Manages risks/issues and escalates** to Executive Sponsor and/or Steering Committee when appropriate ▪ **Includes Program Director, State PMs, McKinsey team, Deloitte PM, and Accenture PM** ▪ **Chaired by the Program Director, with McKinsey support** ▪ **Exists until the end of implementation** at which time may evolve into standing maintenance organization

We have an end to end process to gather requirements, and design and finalize the Process & Systems designs

CRP (conference room pilots) sessions

- Validate business requirements
- Align on "To-Be" process flows in SAP
- Perform fit / gap analysis based on SAP functions

Develop Process & System designs

- Develop process design documents with mapping to SAP
- Develop SAP configuration design documents (fit)
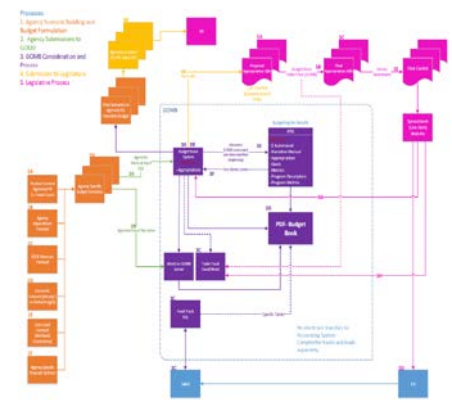- Develop custom development specifications (gaps)

QA review and sign off process

- Review technical design quality (QA-SI partner)
- Perform quality review
- Get agency sign off (State PM's and agency liaisons)

Team has developed, and is executing a comprehensive communication plan to improve awareness and transparency

Program website created and launched
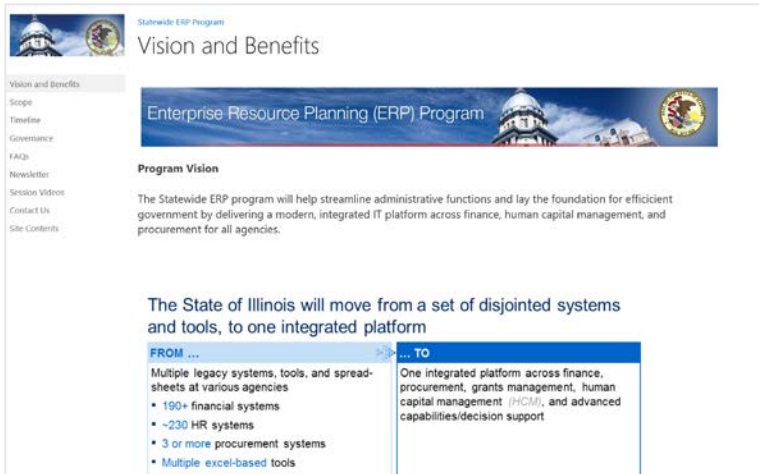
- ERP program website created and went live on 10/02
- Program website provides
  - Regular updates on ERP program
  - Key FAQs for dissemination among stakeholders

Newsletter created for regular distribution

- Regular newsletter distribution launched on 10/02
- Distribution includes overall ERP stakeholder community
- Newsletters circulated via email and hosted on ERP website

Number of other elements to the overall communication plan include
- Frequently asked questions (FAQs)
- Biweekly change champion meetings
- 1-1 meetings with large critical agencies to address concerns

Auditors for ERP

Pursuant to Section 15 of the Civil Administrative Code of Illinois (Department of Central Management Services Law) (20 ILCS 405/15), the Office of the Governor is authorizing the Department of Central Management Services' Division of Internal Audit (CMS DIA) to conduct a pre-implementation review of the Enterprise Resource Planning system (ERP) as required by
Section 2003 of the Fiscal Control and Internal Auditing Act (30 ILCS 10/2003). Accordingly, CMS DIA requires access to all documents and records pertaining to ERP as well as to any agency staff affiliated with the ERP system. DIA also will require similar access at each agency
to related information for any systems being phased out by ERP. CMS DIA will disseminate a report for the ERP audit activities to affected agencies.

So please, filter all auditing questions through CMS DIA.

Questions

If you have questions email:

Statewide.ERP@illinois.gov

Enterprise Resource Planning (ERP) Program

Appendix

Program organization: State Roles and responsibilities

● **Details in appendix**

ERP Program Director

State Project Managers

Scope/Work Manager

Issue/Risk Manager

Budget Manager

Quality Manager

State ERP Leads

A Functional Leads

C Organization/Change Enablement Leads

B Technical Leads

D Testing Leads

A Functional Leads

Role description	The Functional Expert has responsibility to lead the State of Illinois to optimize and standardize the business processes for their assigned functional area as well as ensure their proper execution by supporting the vendor System Integrators. This position must have prior knowledge of the requirements for their assigned function and be comfortable with making decisions regarding the solution configuration. This person will be responsible for understanding, planning and prioritizing any change requests for submission to project leadership. This position will work closely with the ERP Coordinator in each agency as well as the designated agency functional SME
Main responsibilities	▪ For the assigned function, obtain a thorough understanding of (1) requirements of each agency and (2) functionality offered by ERP software ▪ Optimize and develop standardized business processes for assigned function using input from the SME's included in the blueprinting process as well as the SI lead for the same function ▪ Critically evaluate information gathered from multiple sources, reconcile conflicts, decompose high-level information into details, abstract up from low-level information to a general understanding, and distinguish user requests from the underlying true needs ▪ Lead and influence large design meetings towards an effective and collaborative outcome ▪ Engage with agency ERP Coordinator and agency SME to guide them through the implementation process ▪ Ensure delivery of high-quality services and products to agencies ▪ Work with SI and designated agency staff to identify and resolve all issues that could impact project scope and/or timeframe
Desired background	▪ Excellent verbal and written communication skills, detail-oriented, and the ability to interact professionally with a diverse group, executives, managers, and subject matter experts on both the business and IT sides ▪ Strong analytical and problem solving skills ▪ Demonstrated expertise in state government in the assigned functional area ▪ Self-starter that possess a strong desire to seek optimal solutions and share discovery with colleagues ▪ Personal confidence and a passion for customer service ▪ Project management experience desired ▪ Ability to deliver and drive results to a managed project plan ▪ The ability to work on multiple engagements and deliverables simultaneously

B Technical Lead

Role description	The Technical Lead has responsibility to lead the State of Illinois' technical solution for the ERP Program and ensure the technical side of the program is delivered within scope, budget, time and quality. This position must have prior knowledge of the State of Illinois technical architecture and understand the impact of the ERP Program requirements on it. This person will be responsible for working closely with Functional Experts on understanding and providing input for any change requests to be submitted to project leadership
Main responsibilities	▪ Create a detailed plan for the tasks related to the IT team that is aligned with the plan from the functional experts as well as the overall PMO master plan ▪ Monitor and control the technical project plan according to estimate, schedule, resources and scope ▪ Collect and analyze project progress reports and status data; ensure project is adhering to project plan ▪ Assess impacts of legacy system interfaces and work closely with Change Management to prepare for implementation ▪ Provide support and guidance to Development Lead, Testing Lead and Legacy System Assessment Coordinator. ▪ Identify and resolve data integrity issues ▪ Evaluate impacts of changes in time, scope or resources ▪ Support and ensure technical readiness within the functional area
Desired background	▪ Excellent verbal and written communication skills, detail-oriented, and the ability to interact professionally with a diverse group, executives, managers, and subject matter experts on both the business and IT sides ▪ Thorough understanding of the State of Illinois IT infrastructure ▪ Self-starter that possess a strong desire to seek optimal solutions and share discovery with colleagues ▪ Personal confidence and a passion for customer service ▪ Project management experience desired ▪ Ability to deliver and drive results to a managed project plan ▪ The ability to work on multiple engagements and deliverables simultaneously

C Organization/Change Enablement Lead

Role description	The Change Manager is responsible for organizational readiness and agency Deployment of the ERP-related transformation. This position is responsible for managing all aspects of change associated with the transformation of the organization to align with business processes, systems and technology, job roles and organizational structures. This includes oversight and leadership of all organizational change management project team activities. This person will focus on the people side of change and will work closely with SI Change Management Lead, other ERP Project team members as well as agency ERP Coordinators
Main responsibilities	▪ Identify and manage stakeholders affected by introduction of new system and processes ▪ Identify and train change agents ▪ Revise business processes and ensure new systems will be "usable" ▪ Set up and manage knowledge transfer process
Desired background	▪ Possesses knowledge of the process areas being transformed and an understanding of how the process, including supporting system(s), integrates with other processes and initiatives ▪ Strong presentation, verbal and written communication skills with the ability to articulate complex ideas in easy to understand business terms to all levels of management including senior leaders as well as ability to influence and inspire others ▪ Competent in diagnosing individual and organizational performance improvement needs, matching intervention methodology with needs, and determining the appropriate development measures ▪ Thorough knowledge of State of Illinois organizational structure and high comfort level in navigating all areas. ▪ Possesses strong analytical skills, good listening skills with ability to effectively coach and mentor others; must be able to lead by influence

D Testing Lead

Role description	The Testing Lead has responsibility for the overall test strategy, the test plan and the test execution of the ERP Program for the State of Illinois. This position must have prior experience with creating test plans and cases for large scale software applications
Main responsibilities	▪ Define scope for the test plan and ensure its alignment with the business requirements ▪ Create test plan and align test phases with the PMO and functional teams. ▪ Measure and monitor test progress at clearly defined points and ensure test stakeholder expectations are being met ▪ Evaluation of test results including severity of incidents discovered during testing ▪ Review the test activities within the detailed Project Plan and supporting tracking schedules on an ongoing basis and documenting noted issues and concerns with project progress in accordance with the Project Plan
Desired background	▪ Experience documenting, designing and testing system configurations and technical specifications ▪ Excellent verbal and written communication skills, detail-oriented, and the ability to interact professionally with a diverse group, executives, managers, and subject matter experts on both the business and IT sides. ▪ Self-starter that possess a strong desire to seek optimal solutions and share discovery with colleagues ▪ Project management experience desired ▪ Ability to deliver and drive results to a managed project plan

Overview of ERP implementation resource stakeholder groups PRELIMINARY

Roles required from each agency in the near-term	
Role	**Description**
Sponsor	Maintains accountability for executing agency-specific tasks
Liaison	Serves as the ERP program single point of contact for an agency and is responsible for: ▪ Prioritizing and ensuring SME participation in each session ▪ Holding regular SME checkins ▪ Escalating issues to the PMO
Change Champion	Responsible for assisting with change management for agency personnel
Functional SMEs	Serve as the agency resources responsible for participating in statewide design decisions (CRPs) to identify unique agency requirements ▪ GL - … ▪ Encumbrance Accounting - … ▪ A/P - … ▪ Asset Mgmt. - … ▪ A/R - … ▪ Grants Mgmt. - … ▪ Procurement - …
Technology Lead & Resources	Helps identify system interface and data conversion requirements
Admin liaison	Responsible for day-to-day coordination