CHANGE REQUEST / AMENDMENT
PIJ ID ED19002 - AELAS School Finance Payment System
Department of Education

<u>Original Budget:</u>   <u>Areas Affected:</u>

Total Development Budget $ 9,000,000.00   End Date: Yes

Total Operational Budget $ 2,008,264.92   Development Costs: Yes

Total Project Budget $ 11,008,264.92   Scope   Yes

Current End Date: 7/1/2022   Revised End Date: 10/24/2023

Phase II Approved Budget:

Development Budget $ 2,876,387.00

Change Description:

AMENDMENT 04: (10/20/21 ITAC)

The Arizona Department of Education (ADE) is presenting to ITAC a Change Request to approve an updated Phase II scope, budget and timeline increase as part of the School Finance Payment System Accelerated Plan (AP). In June 2021, ITAC approved with additional conditions, the scope of the AP referred to as Phase II. This scope consisted of completion of internal and external training by the School Finance Business unit, completion of State Aid Payments (ADOC/ADOJC) as well as completion of the development of Budget/AFR by June 30, 2022. After an extended Phase II Discovery period involving the IT project team, Stakeholder, and ADOA, it was evident that the original Phase II plan was missing relevant MVP scope. The collective Team underwent a comprehensive rewrite of the entire Phase II timeline and scope, implementing missing MVP scope, utilizing sound budget methodologies, and restructuring the team to run dual lines of requirements, development, and quality assurance testing for a 16-month period. Without these critical changes in the structure of Phase II, the build would have lacked functional fortitude and produced a "quality compromised" end product.

To continue development and implementation of a customized school finance payment and budget system, ADE is requesting approval of an updated plan for Phase II.

The new Budget system will provide an auditable budget tool to capture, analyze, and report on school district and charter school budgets and spending while ensuring compliance with applicable laws and constitutional expenditure limits. In addition, the new system will enhance ADE's ability to implement changes enacted by policymakers as they relate to financial transparency and reporting.

ADE is requesting the following be approved by ITAC:

- Approval of an updated Phase II which would include additional MVP scope, budget and extended timeline to complete State Aid Payment and Budget/AFR.

Based on business stakeholder feedback from ADE School Finance and public-school stakeholders, ADE is proposing an extended UAT and implementation period in Phase III following completion of development in Phase II. Extending the UAT period and transition will allow ADE to pilot a complete budget reporting cycle to ensure the new system is implemented accurately and efficiently.

This plan will allow for a more robust change management plan for a system that is not at great risk of failure but requires integration across multiple systems and stakeholders. During this time, public schools will be able to validate and verify the data they are reporting in the new system, while still using their existing systems to report critical information to ADE. The proposed plan will allow ADE to make necessary adjustments and meet the needs of stakeholders before retiring the legacy system.

AMENDMENT 03: (06/23/21 ITAC)

The Arizona Department of Education (ADE) is presenting to ITAC a Change Request to continue Phase II of the School Finance Payment System Accelerated Plan (AP). As ADE nears completion of this scope of work, ADE will return to ITAC for a change request for Phase III to add additional scope to include the next priority features of the payment and budget systems, with an expected completion date of all components by June 30, 2023. Based on business stakeholder feedback from ADE School Finance and public school stakeholders, ADE is proposing an extended UAT and implementation period in Phase III following completion of development in Phase II. Extending the UAT period and transition will allow ADE to pilot a complete budget reporting cycle to ensure the new system is implemented accurately and efficiently. This plan will allow for a more robust change management plan for a system that is not at great risk of failure but requires integration across multiple systems and stakeholders. During this time, public schools will be able to validate and verify the data they are reporting in the new system, while still using their existing systems to report critical information to ADE. The proposed plan will allow ADE to make necessary adjustments and meet the needs of stakeholders before retiring the legacy system.

Budget Projection:

Professional Services - Fees for design, development, QA/Testing (developers, business analysts, quality assurance personnel) $ 1,892,4858

Addnl. ADE Personal Services $ 385,035

Addnl. ADE Personal ERE $ 122,803

IV&V $ 144,000

Technical Advisors – Documentation Review $

0

Hardware – Development Workstations $ 12,100

Software – Contractor Software Applications & Licenses $ 75,790

License & Maintenance Fees- Software License Renewals & Cloud Storage $ 94,174

Contingency $ 150,000

Total Development Cost for FY [2022]   **$ 2,876,387**

Timeline Projection:

Task Name	Duration	Start	Finish
⊿ **APOR/CHAR Training**	**50 days**	**Tue 7/6/21**	**Mon 9/13/21**
▷ **APOR/CHAR Internal Training**	**1 day**	**Tue 7/6/21**	**Tue 7/6/21**
▷ **APOR/CHAR External Training**	**30 days**	**Tue 8/3/21**	**Mon 9/13/21**
⊿ **State Agency Payments**	**83 days**	**Fri 7/16/21**	**Tue 11/9/21**
▷ **ADOC & ADJC State Aid Payment**	**83 days**	**Fri 7/16/21**	**Tue 11/9/21**
⊿ **Budget/AFR - Phase II**	**322 days**	**Fri 7/16/21**	**Mon 10/24/22**
▷ **Data Input**	**183 days**	**Fri 7/16/21**	**Tue 4/12/22**
▷ **Reporting Part 1**	**123 days**	**Fri 10/15/21**	**Tue 4/19/22**
▷ **Management UI**	**175 days**	**Mon 11/1/21**	**Fri 7/15/22**
▷ **Configuration**	**126 days**	**Tue 12/21/21**	**Fri 6/24/22**
▷ **Data Processing - Calculations**	**201 days**	**Tue 12/21/21**	**Fri 10/7/22**
▷ **Reporting Part 2**	**152 days**	**Thu 3/24/22**	**Fri 10/21/22**
▷ **Payment System Integration**	**104 days**	**Tue 5/24/22**	**Fri 10/14/22**
⊿ **Budget/AFR - Phase III****	**55 days**	**Tue 10/25/22**	**Mon 1/9/23**
SF UAT- Payment System Integration	**20 days**	**Tue 10/25/22**	**Mon 11/21/22**
SF UAT - Reporting Part 2	**50 days**	**Tue 11/1/22**	**Mon 1/9/23**

Recommendation - ADOA-ASET Oversight recommends approval of the Arizona Department of Education (ADE) Change Request to ITAC. As ADE nears completion of this scope of work, ADE will return to ITAC for a change request for Phase III to add additional scope.

ASET recommends maintaining the following conditions:

The below conditions are in addition to any conditions put in place on the project through the FY2022 budget and the Joint Legislative Budget Committee:

1. ASET, with ADE input, will detail the new project development milestones to set specific deliverable dates and will include deadlines for the entire project lifecycle and full system documentation. Should a milestone not be completed by the projected date, ADE shall submit a corrective action plan within 5 business days of the missed projected milestone completion date. The corrective action plan must provide a description of the missed milestone, cause(s) of the delay and the new projected completion date. If the new projected completion date is more than a 10% increase from the original milestone timeline or if ADE fails to meet the new projected milestone completion date, ASET may cause the project to be scheduled for ITAC review at the next available ITAC meeting for consideration of pausing, stopping, resetting, or continuing the project. Proof of the completion of a milestone will be by demonstration of the completed milestone by ADE with approval by ASET Oversight and ADE Executive Steering Committee.

2. ADE will provide ASET and ITAC a baseline projected expenditure plan broken out by month and a month to month financial burndown report for the duration of the project. ADE shall provide actual project expenditures for the previous month by the 15th of each month. For any variance between actual and projected expenditures for the month, ADE shall provide an explanation of the variance. Further, ADE shall submit a corrective action plan with the actual project expenditures that month which resets project expenditure projections for the remainder of the project timeline. Should the total costs of Phase 2 exceed the estimated costs by 10% or more, the Department of Education must amend the PIJ, to reflect the changes, and submit it to ADOA-ASET for review and ITAC approval prior to the further expenditure of funds.

3. ADE shall provide ITAC with monthly informational updates regarding the status of milestones and expenditures in accordance with the ITAC conditions above. ADE shall monitor and provide updates where appropriate as to the status, or any changes related to,

risks identified in the current plan, the upcoming transition of key staff members, or new legislation not yet evaluated to determine any potential impact on the project.

4. The Department of Education must work with the Department of Administration and maintain a committee, to include an independent third party, for the purpose of performing business and system documentation review and approval.

5. The proposed budget figures are subject to change based on enactment of the fiscal year 2022 budget. ADE shall adhere to any requirements as stated and set forth in language from HB2898, HB2895, or HB2862.

6. The Department of Education shall ensure that all contracted employees are fully informed of and follow all State of Arizona Policies, Standards and Procedures located here: https://aset.az.gov/resources/policies-standards-and-procedures.