Project Team Introduction

Roles Present at ITAC

- Rob Woods - Director, ADOR

- Neeraj Deshpande - Deputy Director, ADOR

- Ranbir Samra - Chief Information Officer, ADOR

- Thomas Rieckhoff - Deputy Chief Information Officer, ADOR

- Zac Sharp - Deputy Assistant Director, ADOR

- Joie Estrada - Budget Director, ADOR

- Lorilea Hudgins - STARS Senior Project Manager, ADOR

- Sohrab Rezvan - Vice President and STARS Project Manager, GCOM

STARS Project Overview

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Preparation Activities - January 2019 to Date

- Conducted Feasibility Study - Collaboration with other state department's of revenue
  - Discussions included lessons learned, best practices
- Collaboration with Arizona State Agencies and Stakeholders
  - Cities, Towns and Counties
  - Arizona Forum for Improvement of Taxation (AFIT), Arizona Tax Research Association (ATRA) and 3rd party software vendor on current system pain points
- Data Cleansing and Preparation

Description of Project

The State has executed a contract with GCOM Software LLC to provide an enterprise platform for integrated tax administration.

- The RevHub Integrated Tax System (ITS) will contain all tax types and business functions that are administered by the Arizona Department of Revenue (ADOR).
- The RevHub ITS will contain an external facing taxpayer portal that will include all tax types & fees administered by ADOR.
- The RevHub ITS will contain a native income tax policy simulator to be used by ADOR, Office of Strategic Planning and Budget (OSPB) and Joint Legislative Budget Committee (JLBC), meeting the statutory requirement.
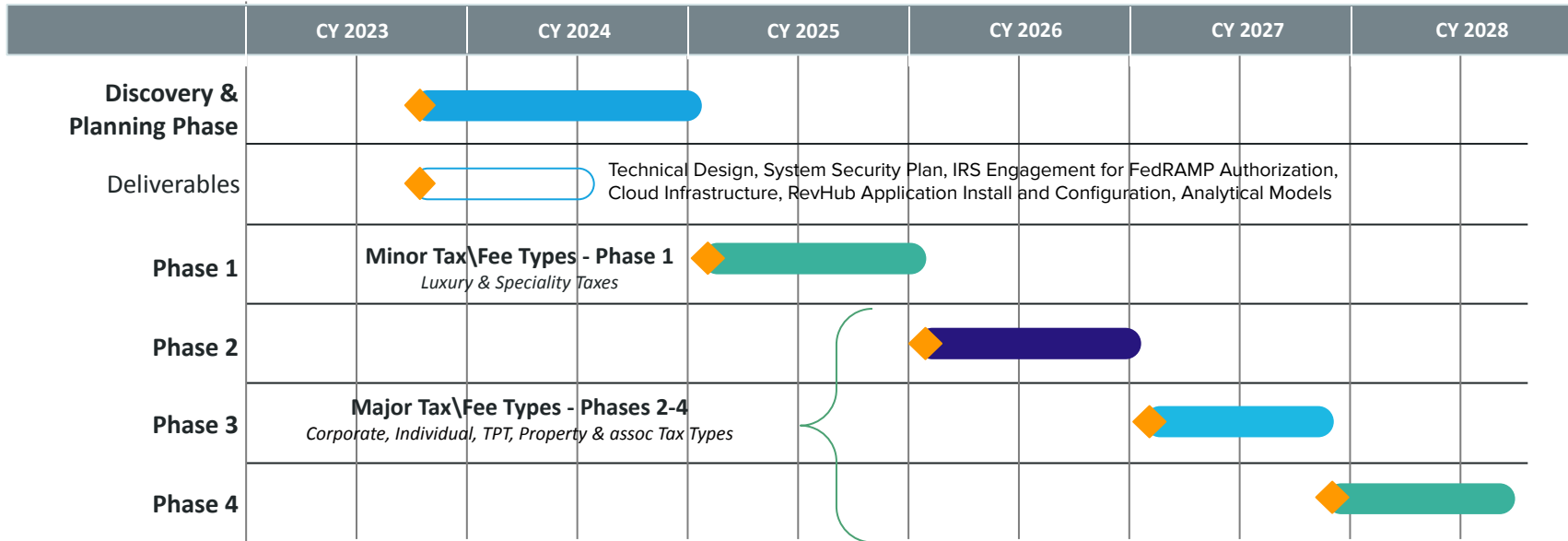
Project Status

Why we are returning:

- *The STARS Project Team is returning on a quarterly basis to provide a project status update as required by the ITAC condition that was approved in the December 2023 Meeting.*
- *The following slides are to serve as a project update.*

Project Update - Quarter 3 (as of 2/29/2024)

- Completed Quarter 2 and associated Milestone 2 Deliverables
- STARS Project Steering Committee Approvals
  - Accelerate Liquor Luxury Tax Implementation
    - Early Adopters Approach
  - Early Opportunities
    - Collections Optimization / Accounts Receivable Minimization
    - TPT Audit
- Work Breakdown Structure
- Project Resource Planning
- Data Preparation for Liquor Luxury Tax Conversion to RevHub
- Organizational Change Management and Training Preparation
- Documents of Understanding

STARS Project Timeline - High Level

	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027	CY 2028
Discovery & Planning Phase						
Deliverables		Technical Design, System Security Plan, IRS Engagement for FedRAMP Authorization, Cloud Infrastructure, RevHub Application Install and Configuration, Analytical Models				
Phase 1	**Minor Tax\Fee Types - Phase 1** *Luxury & Speciality Taxes*					
Phase 2						
Phase 3	**Major Tax\Fee Types - Phases 2-4** *Corporate, Individual, TPT, Property & assoc Tax Types*					
Phase 4						

STARS Discovery & Planning Phase BAFO - Estimated high level timeline, to be refined during the Discovery & Planning Phase.

Project Health Card thru Q2

Overall Project Health is Green

Time Period: August 2023 - mid-February 2024

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Schedule	→	• The STARS Project is currently on schedule according to the STARS Project Plan. This plan is reviewed and monitored on a weekly basis.

Milestones	→	• The STARS Project Major PIJ Milestones Status:
		  ○ 6 - Completed on-time
		  ○ 8 - Currently on schedule
		  ○ 3 - Schedule trending yellow (see appendix)
		  ○ 3 - Scheduled start in the future

Budget	→	• The STARS Project is currently tracking within budget. Reference associated slide. • The budget, expenditures and estimates are reviewed monthly as part of the APF Financial Reporting.
Risks	↑	• The project risks are actively managed according to the STARS Risk Management Plan. • The Gartner IV&V Risk Assessment Score for the STARS Project is Medium. These Risks are being actively reviewed and monitored according to the mitigation plan.
Issues	→	• The project issues are actively managed according to the STARS Issue Management Plan.

Discovery Phase Financials

Discovery Phase Financials

Project Budget: $32,476,200   Pre-Project Start Date: 8/29/2022
Expenditure to date: $11,682,200   Project Start Date: 8/8/2023
Budget Remaining: $20,794,000   Phase End Date: 2/28/2025

		SFY 2024										
		July	August	September	October	November	December	January	February	March	April	May	June
Baseline Projection		102,800	9,252,900	102,800	1,436,200	1,624,000	214,800	2,417,458	346,900	2,695,500	544,955	608,200	2,846,700
Actual		58,778	9,104,741	91,555	1,426,744	98,108	272,306	126,885	0	0	0	0	0
Variance ($)		44,022	148,159	11,245	9,456	1,525,892	(57,506)	2,290,573					
Variance (%)		43%	2%	11%	1%	94%	-27%	95%					

NOTE: Variance is due to deliverables, invoice and payment timing

Project Burndown Chart

Discovery Phase Project Burndown Chart
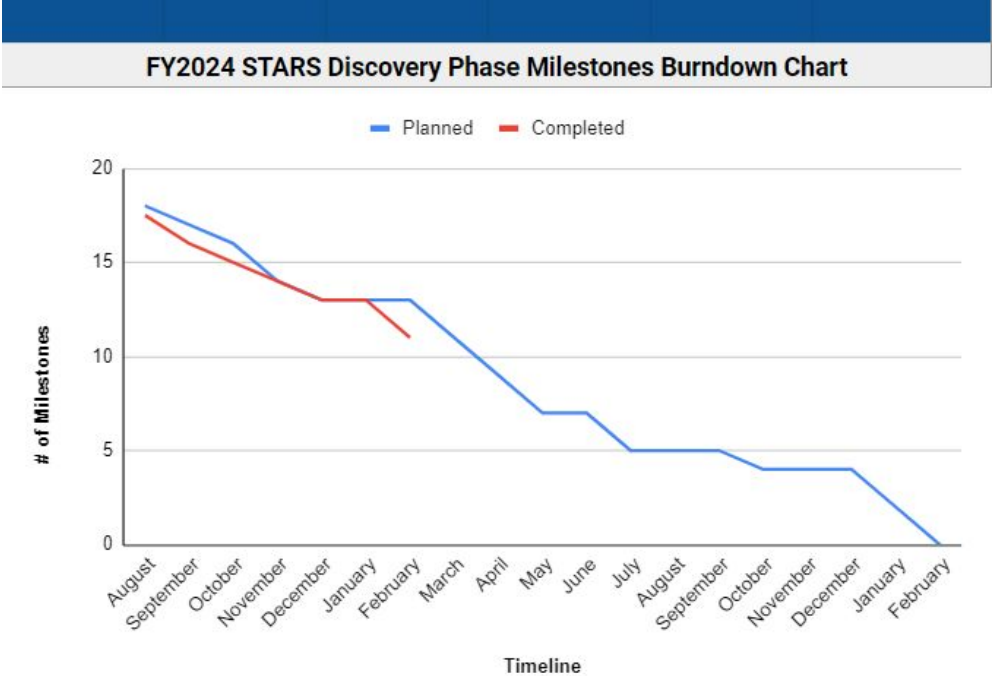
NOTE: See Appendix for Milestone Details.

IV&V Baseline Report

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IV&V Baseline Assessment Report - August - November 2023

- The current Gartner Risk Assessment Score for the STARS Project is Medium.

- Risks are being actively reviewed and monitored according to the mitigation plan.

- Key Gartner Recommendations:
  - Complete Discovery Phase Work Breakdown Structure
  - Align Payment Milestones
  - Incorporate Proof of Concept
  - Demonstrate Tax Administration experience

- Key Gartner Bright Spots:
  - Executive Support
  - Trusted Relationship
  - Acceleration of Liquor luxury Tax Implementation
  - Core Business Team Experience

Q & A
Session

Appendix

ITAC Preso_Informational Update_Appendix