



Update on State's Enterprise Resource Planning System – Cardinal

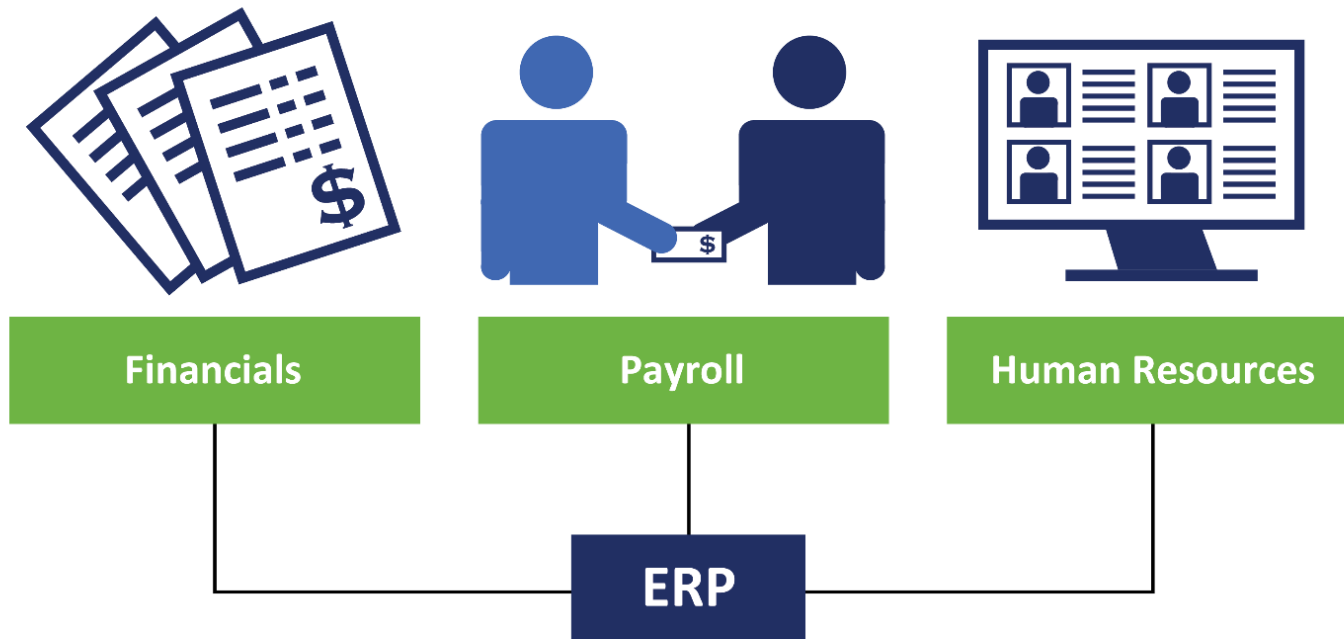
JLARC oversight of Cardinal

- Appropriation Act requires JLARC to oversee Cardinal on a continuing basis
 - Development, implementation, performance, and costs
 - Technology and security
 - Governance

2021 Appropriation Act Item 32(l).

What is Cardinal?

- Cardinal is an Enterprise Resource Planning (ERP) system designed to integrate state's business functions



History of Cardinal project

- **2016** - Cardinal Financials completed and replaced state's legacy financial system
 - \$111 million was spent on Financials project
- **2016** - Cardinal Payroll initiated to replace state's legacy payroll system (CIPPS)
- **2018** - Cardinal Payroll expanded to Human Capital Management (HCM) project after data conversion problems with legacy HR system (PMIS)
 - Includes replacing PMIS and BES
- **2021-22** - Planned roll out of HCM to all agencies

CIPPS = Commonwealth Integrated Payroll/Personnel System.

PMIS = Personnel Management Information System. BES = Benefits Eligibility System.

HCM project costs (FY15–FY22)

Project	Spending
Payroll project (<i>spending to date</i>)	\$35.9M
Expanded HCM project (<i>estimated</i>)	\$85.9M
Oracle Cloud (<i>estimated</i>)	\$8.5M
Total HCM project costs (<i>estimated</i>)	\$131.8M

The HCM Project is being funded through a Working Capital Advance, which will be paid off over 10 years through the Cardinal Internal Service Fund.

Release of HCM application was delayed 6 months in early 2021

- HCM will be released to users in two waves
 - Users include state agencies and localities
- First wave was delayed 6 months from April 2021 to October 2021
 - Issues with converting data to new HCM application
- Second was delayed 6 months and rescheduled for April 2022

HCM project currently within overall budget and new schedule

- As of November 2021, HCM project is within budget and new schedule
- Released to first wave of users on schedule on October 2, 2021
 - HCM released to 18 state agencies and 3 localities
 - Project team working through data and user issues, but no major disruptions to payroll and benefits processing

Risks to Cardinal HCM project success

- Highly complex project incorporating multiple systems and state and local entities
 - Schedule slippage and costs from unanticipated problems
 - Prior delays have eliminated most scheduling contingency for remainder of project
- Challenges preparing agencies and localities to use new systems during COVID-19 pandemic

Future considerations for Cardinal

- Permanent governance structure needs to reflect all agencies' business needs
 - Affects decisions on whether/how to increase functionality of Cardinal
- Open procurement for Cardinal support in 2022

JLARC staff for this report

Kimberly Sarte, Associate Director

Jamie Bitz, Chief Analyst for Ongoing Oversight

Appendix: Projected Cardinal operating costs

	FY22	FY23	FY24
Financials	\$16.8M	\$21.9M	\$25.6M
HCM	11.9M	24.7M	24.4M
Total	\$28.7M	\$46.6M	\$50.0M

Cardinal operating costs will be paid through the Cardinal Internal Service Fund.