



Update on State's Enterprise Resource Planning System – Cardinal

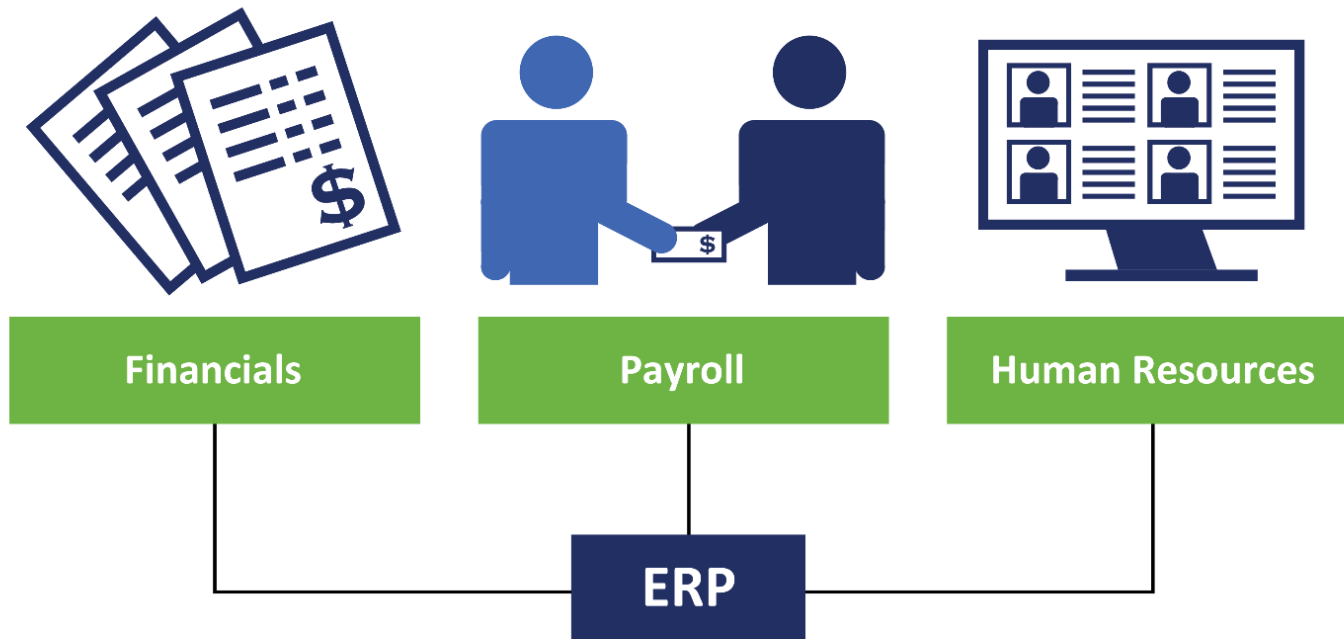
JLARC oversight of Cardinal

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

2022 Appropriation Act Item 36(H).

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** - Roll out of HCM to all agencies

CIPPS = Commonwealth Integrated Payroll/Personnel System.

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

Release of HCM application was delayed 1 year in 2021–22 to reduce risk

- HCM released to users in 3 waves
 - Users include 233 state agencies and 363 localities
- First wave delayed 6 months from April 2021 to October 2021
 - Subsequent releases delayed to incorporate lessons learned from first wave
- Second wave delayed 6 months and rescheduled for April 2022
- Third wave created and scheduled for October 2022 to further reduce risk

HCM application was released to remaining users in October 2022, and project is ending

- October 2022 release and prior releases occurred within revised project schedule
- No major disruptions to payroll and benefits processing during releases
 - Project team working through data and user issues
 - Some agency-specific issues being addressed
- Project expected to be closed out in January 2023

HCM project completed within budget

- HCM project expected to be completed within overall budget (\$136M, FY15–FY23)
- Project funded through a Working Capital Advance (WCA)
- WCA will be paid off over 10 years through Cardinal Internal Service Fund

Projected annual total Cardinal operating costs

	FY23	FY24
Financials	\$21.9M	\$25.6M
HCM	24.7M	24.4M
Total	\$46.6M	\$50.0M

- Operating costs will be paid through the Cardinal Internal Service Fund

Future considerations for Cardinal

- Permanent governance structure needs to reflect all agencies' business needs
 - Decisions on whether/how to increase functionality of Cardinal and on scope and use of interface applications
- Open procurement for Cardinal support in 2023

JLARC staff for this report

Kimberly Sarte, Associate Director

Jamie Bitz, Chief Analyst for Ongoing Oversight