



# Regular Meeting

## Item Number 11 – Open Session

**Subject:** Pension Solution Project Update

**Presenter(s):** Prashant Mittal / Graeme Finley, Grant Thornton LLP

**Item Type:** Information

**Date & Time:** June 9, 2021 – 15 minutes

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**Attachment(s):** Attachment 1 – Grant Thornton Oversight Report

Attachment 2 – Glossary of Terms

**PowerPoint(s):** None

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### **PURPOSE**

The purpose of this item is to provide the board with an update on Pension Solution project activities.

The Project Oversight report from Grant Thornton is provided as Attachment 1, and Graeme Finley of Grant Thornton will be available to answer questions.

Attachment 2 provides a glossary of terms relating to these items.

### **Background**

At the March 2021 meeting, staff and CGI provided updates on project status, challenges, Functional Rollout 2 (FR2) Contractor Acceptance Testing (CAT) delays and impacts on FR2 User Acceptance Testing (UAT) and FR3.

### **DISCUSSION / SUMMARY**

#### **Project Response to COVID-19**

Staff continue to monitor and mitigate the impacts on the project due to COVID-19 and working remotely. Key risk areas that continue to be monitored and mitigated include:

- COVID-19 and Personal Leave Program (PLP) have resulted in impacts on resource availability which staff continues to monitor and adjust execution plans, as needed. The increase in COVID in India has had additional impacts on some of CGI and Sagitec's offshore

project resources and their families. The severity of impacts will continue to be in flux over the next few months. Staff is keeping a close eye on monitoring and adjusting strategies to ensure the virtual mode of communication and collaboration remains as effective as possible.

- Training is another critical activity for CalSTRS besides UAT. So far, the key training activities continue to be successfully conducted and delivered virtually while mitigating the impact of the pandemic. The UAT and Training teams continue to monitor and adjust strategies to ensure the virtual mode of communication remains as effective as possible.
- Staff continues to monitor the impact on external interfacing employers and partners as they may have competing priorities and delayed response time due to their pandemic-induced challenges.

## **Employer Readiness**

### Employer Readiness Update

The Employer Readiness Team completed the virtual readiness visits with employers to establish the employers in the readiness environment to demonstrate and enable testing of the new functionality, as of March 30, 2021. The Employer Readiness Team continues to work with employers undergoing their system upgrades, as well as payroll software vendors, which could impact the readiness of their employer for using the New File Format at FR2 go-live.

### Soft Launch (Employer Readiness Environment) Maintenance Release Update

There was one remaining Maintenance Release (MR) during Soft Launch in the Employer Readiness Environment. Maintenance Release 2 UAT Execution concluded on schedule and was successfully deployed to the Employer Readiness Environment in mid-March 2021. MR2 includes system updates and additional employer functionality and triggers the final readiness window for employers to become ready for the new Secure Employer Website (SEW).

## **Functional Rollout 2 (Enrollment and Contributions, Calculations & Payments) Update**

### Design, Development and Unit Test Activities

Functional system design, development and unit test activities are complete, pending validation from CAT and UAT.

The CalSTRS team continues to make progress with system and performance testing of remaining FR2 operational reports.

### Contractor Acceptance Test (CAT) Activities

CAT continues to experience delays and is progressing at a much slower rate than planned. CGI has missed many of the schedule dates agreed to in the latest change order (CO) approved in October 2020. Overlap with UAT activities has increased, requiring additional UAT, and will

delay completion of UAT. Testing pass rates are below expectations which translates into additional work and additional time for CalSTRS to complete UAT.

Staff continues to work collaboratively with CGI to re-estimate and re-plan all the remaining project activities. Staff has provided feedback on the requested root cause analysis from CGI to drive out the details needed to use as a tool for the re-planning effort. As part of this effort, CGI provided draft bottom-up estimates and a staffing plan of its remaining FR2 activities and likewise, CalSTRS is working on the same for its remaining activities. CalSTRS and oversight consultants continue to evaluate CGI's proposed estimates and staffing plan for achievability based on the recent performance trend and alignment with CalSTRS resource planning. CGI is working to address the feedback. Once estimates and the staffing plan associated with all the remaining project tasks are finalized, it will result in a revised schedule.

#### User Acceptance Test (UAT) Activities

As reported previously, FR2 UAT execution continues to progress at a slower rate than planned as of early May 2021. CalSTRS remains concerned about the lower pass rate than expected and the higher number of defects resulting in a significant increase in the UAT workload, as well as an increased need for CGI resources to fix defects promptly. The risk of UAT not completing on schedule and the project not meeting the current FR2 go-live date remains very high.

#### Data Conversion Activities

Data conversion continues to make progress. The team is converting just over 2 billion records from the legacy systems to BenefitConnect. The team continues to address conversion fallouts which continue to decrease. Mock data conversions occur frequently and supply data for the various testing efforts that are underway. These will continue through go-live.

#### Training

FR2 training development for staff, employers, and members continue to make progress and stay on schedule. FR2 training logistics planning continues for training delivery.

CGI involvement with FR2 training development has been paused by CGI as training resources have been redirected to support FR2 testing activities.

#### Change Management

The Change Management team has completed the Business Process Readiness workload which includes the mapping and analysis of 44 high-level "to-be" processes and sub-processes to help identify how workloads will be changing with the implementation of BenefitConnect. Staff use Change Roadmaps to introduce, organize, and track these changes and their impacts on business areas. The team continues to work with project and business areas leadership teams to implement recommendations following the completion of the Change Readiness Assessment. Efforts are focused on maximizing individuals' awareness and desire for changes prior to training to increase

its effectiveness. Additionally, the team has refreshed its learning modules to share best practices and tools for the practical application of change management principles to our change champion network.

#### Implementation Readiness/Cutover/Go-Live

In Spring 2021, key business and technology staff completed the initial planning activities for the FR2 Implementation Phase, which resulted in the identification of the detailed steps, timing, resources, and communications needed to successfully deploy BenefitConnect at FR2. The team is also working closely with the Legacy Application Decommission (LAD) Team and other Technology Services staff to develop solutions that support the plans for freezing current business processes as well as implementing interim business processes needed for business continuity during the cutover period.

#### **Functional Rollout 3 (Customer Service Management, Enhanced Member Self Service) Update**

The FR3 schedule continues to be impacted by the cascading effects of FR2 CAT delays. CGI has re-directed many of the FR3 resources to support FR2 CAT delays, leading to further delays in completing many FR3 activities. The increased overlap of FR2 activities with those FR3 activities has also negatively impacted the availability of resources. As part of the bottom-up estimates, staff and CGI are reviewing the remaining FR3 activities in conjunction with the FR2 replanning effort to develop an achievable project schedule for all remaining activities. CalSTRS and oversight consultants will closely review the revised schedule for both FR2 and FR3 when it is delivered to determine the impact on FR2 and FR3 planned go-live dates. Staff will monitor progress and work with CGI to adhere to the revised schedule.

#### Design, Development and Unit Test Activities

CGI has redirected most of its FR3 resources to assist with FR2 system testing delays. Many FR3 activities have been paused due to CGI reassignment of resources to FR2 activities. This maneuver has essentially put FR3 at a standstill and has caused FR3 development and unit testing activities (and any dependent activities) to fall considerably behind schedule. CGI is planning to resume these FR3 activities by mid-June 2021.

The CalSTRS team continues to make progress with the design and development of FR3 operational reports.

#### Data Conversion Activities

FR3 conversion continues to make progress and data are being used to support FR3 development efforts.

**Summary of Top Challenges and Mitigations**

Staff continues to monitor and report on the significant challenges facing the project. Challenges and associated mitigations include:

<b>Challenges</b>	<b>Mitigations</b>
<p>Ensuring impacts to downstream activities (e.g., UAT, BusinessDirect Retrofit project, and FR3, etc.) due to FR2 CAT execution and defect remediation schedule delays beyond the approved change order dates, are minimized and don't impact quality.</p>	<p>CGI testing activities continue to be delayed, directly impacting activities such as UAT, which continues to experience pass rates below expectations and results in additional retesting work for both CalSTRS and CGI. CalSTRS has requested CGI re-plan and develop an achievable project schedule for the remaining FR2 and FR3 activities. CalSTRS will continue to work with CGI to re-plan the project schedule and monitor progress against it.</p>
<p>Working with CGI to address its higher than normal staff turnover in recent months, many with the in-depth project knowledge.</p>	<p>In recent months, CGI has experienced higher staff turnover than typical. Loss of staff with in-depth project and system knowledge will impact project progress. CalSTRS and oversight have asked CGI to provide a mitigation plan to address this issue.</p>
<p>Response to COVID-19. Ensuring staff remains productive while working remotely and continues to meet project goals. Re-planning Training and User Acceptance Testing based on a fully remote workforce.</p>	<p>User Acceptance Testing and Training activities require close collaboration across various teams and efficiency have been somewhat impacted due to staff working remotely. Staff continues to monitor, assess and mitigate the impacts of COVID-19, on the staff working remotely and ongoing/upcoming tasks. Staff continues to identify opportunities to improve the virtual work environments, collaboration and communication.</p>
<p>Carefully manage and categorize problems identified during testing as a defect vs. costed change request.</p>	<p>Staff continues to be engaged with CGI to ensure contract agreements remain at the center of resolution. CGI has agreed that any critical change required for go-live will be included in the scope to ensure project progress is not compromised, while cost negotiations are escalated. Items that cannot be resolved will be escalated per the project's governance process.</p>

<b>Challenges</b>	<b>Mitigations</b>
Ensuring timely availability and continuity of business area resources (subject matter experts) for the duration of the project.	Continue to work with various business areas to identify and secure resources (subject matter experts) in advance of the anticipated need-by dates.
Ensuring employer readiness and ability to report production contribution data at FR2 go-live.	Continue active engagement and support to employers by the Employer Readiness Team to achieve participation goals of ensuring employer readiness for FR2 go-live.

**RECOMMENDATION**

None during this reporting period. CalSTRS and oversight consultants continue to work in collaboration with CGI to review and provide feedback for the revised estimates and staffing plans for the remaining project work activities. This activity is critical to determine a realistic schedule. Staff expects to provide recommendations in the next reporting period.

## Pension Solution Independent Project Oversight Report

This informational item includes the Executive Summary of Grant Thornton’s monthly oversight report for the Pension Solution project. The assessments contained in this report are focused on key project risks and issues and provide recommendations for improvement where appropriate.

Grant Thornton uses a graphical dashboard that assigns a checkpoint rating to each Pension Solution project area. The legend of these checkpoint ratings is as follows:

### Checkpoint Rating Legend

Checkpoint Rating	Checkpoint Rating Definition
<b>Green</b> 	No priority items noted that require the project to take action at this time
<b>Yellow+</b> 	Risks, issues and/or challenges are noted and the project is taking action with sufficient progress to address
<b>Yellow–</b> 	Risks, issues and/or challenges are noted and the project has taken action to partially address.
<b>Red</b> 	High priority items noted and the project has not taken action or made progress in addressing

The Pension Solution project has an extremely dynamic operating environment. Given this, it is possible that the checkpoint ratings and supporting justifications may change prior to the Board meeting. Should this occur, Grant Thornton will explicitly note this in any discussion with the Board.

## Pension Solution Project Oversight Update

Grant Thornton LLC Independent Project Oversight Consulting (IPOC) services has observed continued progress by the Pension Solution project while maintaining a fully remote workforce. However, progress of testing activities for Functional Release (FR) 2 has continued at a slower than expected pace, and FR3 development activities have effectively paused while FR2 testing is prioritized.

The overall status of the Pension Solution project along with progress and concerns are noted below.

## Overall Status

Scope	Schedule	Cost	Resources
Yellow- 	Red 	Yellow+ 	Yellow- 

## FR2 Testing Progress and Schedule Development

FR2 user acceptance testing (UAT) and contractor acceptance testing (CAT) activities continue with slower than planned progress while problem incident reports (PIRs) continue to be identified and resolved. CalSTRS, Team CGI, and oversight continue to work collaboratively on the revised schedule planning effort and are currently working through feedback on estimates and assumptions provided by Team CGI.

A question was asked in the March 2021 Board meeting regarding the sequencing of CAT and UAT, and the extent to which the pass rate challenges were compounding rather than resolving. Our perspective on this question is to focus on the volume and type of PIRs rather than just pass rate percentages, as all PIRs identified during testing result in project work and collectively they describe the nature and complexity of the defects being found. Pass rate percentages can vary significantly depending on the inputs used to calculate the percentage and how terms are defined, whereas each PIR directly impacts the project by creating extra work for CalSTRS and Team CGI. The project tracks two types of pass rate percentages: Initial pass rate and Current pass rate. The Initial pass rate is based on the number of test runs that have failed because a PIR is identified, divided by the number of test runs executed. Initial pass rate is calculated before the PIRs are analyzed in the triage process to determine whether or not they are true defects. The Initial pass rate is currently ~60% as of this reporting period. It drives workload but is not necessarily a good indication of system quality. The Current pass rate is based on the number of test runs that have failed because a validated PIR has been identified which has gone through the triage process and requires a fix. The Current pass rate is ~73% as of this reporting period and is more of an indication of system quality. Regarding the sequencing of activities, UAT start was planned to be delayed to minimize the overlap with CAT activities. However, due to the slower than planned progress of CAT, the overlap included more CAT activities than planned, and for much longer. When UAT began, the ongoing execution of CAT activities required Team CGI’s analysis and development resources to continue to address new PIRs from those efforts while also working to support UAT. The primary impact of the overlapping CAT and UAT activities has been the reduction in the rate at which Team CGI is able to address the PIRs because their resources are working on multiple testing activities concurrently. The overall PIR volume compounded as UAT continued, due to the slower turnaround rate of fixed PIRs and a higher than planned number of PIRs being identified. Some of the additional PIRs identified have been found to be “false positives”, where testers think they have identified a defect but which, after further analysis, does not require any change to system code by Team CGI. Some of these are expected in any large testing effort, but they still require effort from Team CGI and CalSTRS resources to analyze and they cause the PIR inventory to grow. As Team CGI resolves the CAT PIRs and completes those testing activities (System, Parallel, Performance, End-to-End), the expectation is that UAT PIRs will be addressed at a faster pace as more resources are able to focus on UAT. Both teams continue to implement PIR triage process improvements to mitigate inefficiencies as much as possible. Given the size and

complexity of the project, and the remote UAT testing environment, process inefficiencies are expected.

We have also assessed the question of whether the project is primarily encountering a schedule challenge or quality challenge. Overall, we believe the project will be able to arrive at a quality system, but it will take longer than originally planned. Regarding system quality, though some specific areas have encountered more challenging or wider-reaching defects during testing, and design gaps classified as critical for FR2 go-live have been found, we have not observed evidence of systemic issues within the application that would lower our confidence that a viable system is achievable. For testing efforts currently underway PIRs continue to be addressed and test cases continue to be passed, though at a slower pace. As of early May 2021, UAT has executed more than 2,800 test runs, of which more than 2,000 have passed. Many of the passed cases include PIR fixes and re-tests. To mitigate the risk of code fixes from CAT PIRs unintentionally creating problems in code that UAT has already tested and passed, CalSTRS intends to perform an additional level of regression testing as the final phase of UAT. Regression testing verifies that the system functions as expected after fixes or enhancements have been made as a result of change requests or other testing activities. The extent of regression testing will be determined as part of the revised schedule planning process. Based on our analysis of the CAT and UAT activities underway, the current schedule challenges are the result of activities taking longer than planned to reach their exit criteria.

From a schedule perspective, although both CalSTRS and Team CGI have worked hard to mitigate the impacts of COVID19 and of a fully remote workforce for more than a year, we are now seeing signs that testing and design activities, particularly UAT, have been less efficient and effective in this environment. Team CGI's offshore resources have also been significantly impacted by COVID challenges recently, and the UAT PIR triage process has been much more difficult to conduct remotely than when personnel are co-located. Additional challenges leading to the slower than expected UAT execution include business areas allocating less time than expected to UAT due to operational needs, and the complex nature of the testing currently in progress.

As noted, CalSTRS, Team CGI and oversight continue to work collaboratively on the current schedule development effort. The majority of estimates and assumptions have been informed by prior experience and appear to be conservative. Conversations and refinement continue, and specific comments are being addressed within Team CGI's bottom-up estimate and staffing plan. Strategic discussions regarding implementation strategy are taking place, and scope disputes around several items identified during testing deemed critical for FR2 go-live will require resolution in order to develop the revised schedule.

Project Category Assessment

Category Rating	Category Rating Summary
<b>Scope</b> <b>Yellow-</b> 	<p>Project scope remains Yellow- for this reporting period.</p> <p>The project’s capacity for additional scope through FR2 go-live remains extremely limited. Items identified during the remainder of CAT and UAT deemed new scope will need to be critically prioritized, and choices will need to be made to ensure critical functionality is included at go-live.</p> <p>CalSTRS and Team CGI project management have continued to work through FR2 CRs and items identified during testing to determine whether specific components are in scope or new scope, along with any associated cost/credits. Several disputed items remain to be resolved including a group escalated to executive leadership. Extended scope dispute negotiations will impact the timeline to develop a revised schedule as the inventory of CRs needs to be included in level of effort estimates and the schedule.</p>
<b>Schedule</b> <b>Red</b> 	<p>The project schedule area maintains a Red rating as the project will not be able to complete FR2 UAT within the current schedule due to the number of PIRs identified, the pace of PIR resolution, and the pace of execution.</p> <p>Multiple change orders (COs) were developed to address CAT schedule slippage and to revise the schedule, the most recent being CO287 in October. Many of the CAT end dates within CO287 were missed, and a revised schedule has been in development to address the slower than expected progress of CAT and UAT. The latest schedule submission from Team CGI was rejected by CalSTRS in December as many of the identified end dates were deemed unachievable by the project team and oversight.</p> <p>As noted, Team CGI, CalSTRS and oversight are working to develop and review the bottom-up estimates, staffing plan, and assumption models as inputs to a revised schedule. A large number of comments have been provided by CalSTRS staff and oversight, and Team CGI is working to address the feedback and add requested information.</p> <p>Experienced development resources have been re-allocated from FR3 to FR2 activities, effectively pausing FR3 development progress and resulting in an increasing risk to the implementation schedule for FR3.</p>
<b>Cost</b> <b>Yellow+</b> 	<p>Project cost remains Yellow+ for this reporting period, primarily due to the schedule challenges noted, and the potential cost impacts of a schedule delay. The project currently continues to be on budget overall, however we will review the cost implications of a schedule delay once more information is available and will update this rating accordingly.</p> <p>IPOC has continued to observe effective management of project scope and cost through the formal CR management process and the level of scrutiny</p>

Category Rating	Category Rating Summary
	applied to potential changes through criticality, implementation timing, and cost analyses.
<b>Resources</b>  <b>Yellow-</b> 	<p>The project resources area maintains a Yellow- rating for this reporting period.</p> <p>CAT testing delays have resulted in multiple overlapping activities for Team CGI development and analysis resources, and for CalSTRS business area subject matter experts. CalSTRS’ resources are also involved in a number of validation, training, transition, and implementation activities through go-live. CalSTRS’ UAT testers are performing more re-executions than originally planned to validate that PIRs are fixed, resulting in additional strain on resource capacity.</p> <p>Team CGI has experienced several functional staff departures that could impact progress if not addressed. Additional Team CGI executive leadership changes were communicated to CalSTRS during the reporting period. IPOC has requested an updated project governance organizational chart from Team CGI to document the leadership changes and decision-making structure.</p> <p>Experienced Team CGI development resources re-allocated from FR3 continue to focus on FR2 activities.</p> <p>Impacts to the project have been noted as a result of the fully remote workforce and the COVID19 pandemic. Most recently, Team CGI has experienced impacts to their offshore resources due to the current pandemic impacts in India. Collaboration on the path forward schedule revision process has been less effective than if it had been conducted in person but it is making progress. The UAT triage process to review and assess potential PIRs identified during testing has also encountered inefficiencies and challenges that would be more easily mitigated in a co-located testing environment. Though the project team has mitigated many of the remote work challenges to the extent possible, the fully remote environment has impacted the efficiency and effectiveness of these project activities.</p>

### Project Area Assessment

Area Rating	Area Rating Summary
<b>Project Sponsorship and Governance</b>  <b>Green</b> 	<p>This category is rated Green for this reporting period.</p> <p>The Chief Operating Officer (COO), Chief Technology Officer (CTO), Chief Benefits Officer (CBO), and business area Directors remain effectively involved in the project.</p> <p>The Pension Solution Steering Committee (PSSC) and Executive Steering Committee (ESC) continue to meet regularly to discuss upcoming CRs, key activities, open concerns, and pending challenges across the project.</p>

Area Rating	Area Rating Summary
	<p>Project Sponsors are meeting with project team members and Team CGI, and oversight frequently to discuss the current challenges.</p> <p>As noted, Team CGI has communicated multiple executive leadership personnel changes this reporting period and a revised governance structure has been requested by IPOC.</p>
<p><b>Project Management</b></p> <p><b>Red</b></p> 	<p>The Project Management area maintains a Red rating for this reporting period primarily due to the continued CAT delays, higher than expected PIR count, lack of an agreed upon schedule for testing activities through FR2 go-live, and significantly slowed FR3 progress.</p> <p>Team CGI has provided documentation of bottom up estimates and a staffing plan for the remaining FR2 activities which is currently under review by CalSTRS staff and oversight. CalSTRS project management is developing data-based models to estimate the level of effort for Team CGI to address UAT PIRs and for CalSTRS to execute UAT testing. Team CGI and oversight have provided feedback throughout the process to develop the UAT estimates. Once the documentation and models are approved, a revised project schedule will be delivered by Team CGI for review.</p> <p>Team CGI has experienced several functional staff departures over the last quarter and is working to replace important open positions including business analysis and system development as soon as possible.</p> <p>Collaboration between Team CGI and CalSTRS, particularly regarding UAT and schedule development has experienced challenges due to the remote nature of these activities, however the process is progressing.</p>
<p><b>Risk and Issue Management</b></p> <p><b>Green</b></p> 	<p>Risk and Issue Management maintains a Green rating for this reporting period.</p> <p>The Risk and Issue Management process continues to follow defined procedures. Risks and issues continue to be submitted by project stakeholders, monitored by assigned risk owners, and discussed in formal bi-weekly risk and issue meetings. The number of identified risks and issues has increased due to the ongoing challenges.</p> <p>IPOC has continued to emphasize the importance of clearly defining risks/issues to allow for specific, time-based mitigating actions.</p>
<p><b>Organizational Change and Training Management</b></p> <p><b>Green</b></p> 	<p>This category maintains a rating of Green for this reporting period.</p> <p>Learning and development continues to make progress in developing training materials. Some training activities have been put on hold due to CGI's prioritization of FR2 testing activities.</p> <p>Change management continues to work on change readiness assessments and FR3 business process readiness documentation. Business transition meetings continue to be conducted, and the implementation checkpoint that was</p>

Area Rating	Area Rating Summary
	<p>scheduled for this reporting period has been cancelled due to the ongoing effort to revise the schedule.</p> <p>Significant milestones have been reached for Employer Readiness since the last update including:</p> <ul style="list-style-type: none"> <li>• A new Employer Readiness Environment is available to employers, allowing report sources to continuously test and prepare for FR2.</li> <li>• Maintenance Release 2 was successfully deployed in the Employer Readiness Environment, providing employers with the latest and most production-realistic functionality.</li> <li>• The Maintenance Release 2 computer-based training classes are now available to employers to support reporting within the new system.</li> </ul>
<p><b>Solution Delivery</b></p> <p><b>Yellow-</b></p> 	<p>This assessment category maintains a Yellow- rating for this reporting period. The primary focus of the Solution Delivery area for this period is FR2 testing, particularly CAT and UAT.</p> <p>Team CGI continues to execute testing activities including system, parallel, performance, conversion, and end-to-end.</p> <p>More than 2,800 test runs have been executed in UAT to-date, which is a significant amount of testing performed. However, UAT continues to experience slower than expected progress in execution and PIR resolution, with continued higher than expected initial PIR counts.</p> <p>CalSTRS and Team CGI project leadership, sponsors, and executives have continued to state their commitment to system quality. Current discussions to address the CAT and UAT challenges are focused on maintaining the planned exit criteria and scope for all testing activities prior to going live with FR2.</p> <p>FR3 development has effectively paused while Team CGI focuses on and allocates resources to FR2 CAT and UAT.</p>
<p><b>Vendor and Contract Management</b></p> <p><b>Yellow+</b></p> 	<p>This assessment category is rated Yellow+ for this reporting period.</p> <p>Collaboration between Team CGI and CalSTRS has been challenging while developing the new path forward. CalSTRS and oversight have provided a significant number of comments on the bottom-up estimates and staffing plan provided by Team CGI, and collaborative meetings are being conducted to work through and resolve the comments.</p> <p>Given the current phase of the project, it is critical for Team CGI and CalSTRS project management and leadership to effectively and efficiently discuss concerns and negotiate agreements, particularly potential CRs requiring negotiation that are considered critical for FR2.</p>

## IPOC Activities and Contributions

For this reporting period, the IPOC team has been engaged in a variety of oversight-related activities, including meeting attendance, document review, independent analysis, and discussions with project staff and leadership. Representative activities are presented below:

### Change request management:

- Continued to track the CR credit balance against approved CRs
- Attended weekly CR review meetings
- Participated in discussions with Team CGI, and CalSTRS staff and leadership regarding FR2 CRs, and scope and cost negotiation processes
- Conducted specific conversations with Team CGI leadership and CalSTRS project management regarding scope determination processes and defect classification, particularly related to UAT items

### Project metrics / leading indicators:

- Participated in multiple meetings with Team CGI and CalSTRS project staff to provide recommendations on methods and approaches to presenting leading indicators/metrics, particularly related to FR2 UAT progress and results
- Continued conversations with Pension Solution project management and business area leadership regarding internal CalSTRS resource hours tracking/metrics for UAT
- Held discussions with Team CGI and CalSTRS project sponsors and business area Directors regarding project needs for business resources, and ongoing capacity management

### Project analysis and observation:

- Performed independent analysis of Team CGI's internal project assessment team review
- Continued individual conversations with Team CGI Executive leadership regarding resourcing, contingency planning, and project progress
- Continued to participate in Employer Readiness team meetings
- Conducted additional meetings with project management team members regarding UAT execution and defect triage/analysis
- Participated in multiple meetings with Team CGI leadership regarding UAT progress, assumptions, and challenges
- Conducted meetings with Team CGI regarding CAT test metrics, status, and plans to address current challenges
- Continued analysis of testing data to assess the UAT progress against plan and conduct conversations with Team CGI and CalSTRS staff
- Delivered Comprehensive Monthly Reports
- Continued to meet with the Pension Solution Project Sponsors, Project Director, CalSTRS Executive, and Governance Advisor to discuss overall observations and areas of focus
- Presented monthly analysis at the Pension Solution Steering Committee
- Participated in Executive Steering Committee and Joint Executive Steering Committee meetings

Selected project meetings attended:

- Bottom up estimate and staffing plan meetings
- Executive Steering Committee meetings
- Pension Solution Steering Committee meetings
- Pension Solution Joint Implementation Status meetings
- One on one meetings with project sponsors
- Project leadership and project sponsor meetings
- IPOC, Sponsor, and Executive leadership meetings
- Risk and Issue Management meetings
- UAT Update meetings
- CalSTRS Pension Solution Status meetings
- Individual Stakeholder meetings
- CR Review meetings
- PIR discussions
- Employer Readiness Round Table meetings
- Daily UAT Stand-up meetings
- Multiple one on one project team member meetings
- FR2 System Test Metrics meetings
- UAT Test Metrics meetings
- Team CGI Executive discussions
- Team CGI project management discussions

## **Glossary of Terms for the Pension Solution Update**

**Basic Issues (BIs)**, also referred to as basic data issues, are data issues resulting from general inconsistencies in the type of data intended for a data field, such as missing values in a field, abnormal date ranges, abnormal alpha-numeric values, etc.

**BCP (Budget Change Proposal)**: A proposal to change the level of service or funding sources for activities authorized by the Legislature and approved by the Governor or to propose new program activities not currently authorized.

**BusinessDirect (BD) Retrofit Project** will make the changes necessary for BusinessDirect to integrate with Pension Solution and update functionality that remains in Business Direct. The prime vendor for this project is Deloitte Consulting.

- BusinessDirect is the financial system that was implemented thru the Corporate Accounting and Resource Management (CARM) Project.
- BusinessDirect is an SAP system that manages CalSTRS' budgeting, procurement, accounting and contract management functions.

**Change Requests (CRs)** are formal requests to modify project scope, schedule and/or cost. These requests go through a rigorous process and series of approvals. Once approved, these requests are called **Change Orders (COs)** and modify the agreements in place between CalSTRS and CGI.

**Change Order #130 B** memorialized CalSTRS and CGI negotiating a 30-month, \$34 million contract amendment, adjusting the project's scope, schedule, and contract cost with CGI for the Pension Solution system effective March 30, 2018. The schedule extension moved the implementation of the last functional rollout (FR3) to February 2022 and also extend the scheduled project end date to January 2023, after a one-year warranty, maintenance and operations period.

**Complex Issues (CIs)**, also referred to as complex data issues, are data issues resulting from business or system process deficiencies, prior system conversion, placeholder data, employer and member contribution changes, changes in the law, missing functionality in START, etc.

**Contractor Acceptance Testing (CAT)** demonstrates successful testing and operation of the system prior to transitioning the Pension Solution to CalSTRS for User Acceptance Testing. CAT is performed by Team CGI and supported by CalSTRS.

**Conversion** refers to the work required to move data from an old computer system (the “legacy” system) to a new computer system.

**Employer Readiness Environment (ERE):** A non-production system environment utilized by employers during Soft Launch.

**Employer Support Portal:** A website that employers will visit to be a one-stop-shop for everything CalSTRS related. Employers can access the current Secure Employer Website, PALMS (Pension Administration Learning Management System) and the Employer Readiness Environment from the landing page. Employers will also have access to tools and resources such as job aids and file specification documents. Employers have a Message Board where they can learn about key items from CalSTRS.

**Encumbrances:** Commitment of funding for legally authorized expenditures. Recording an encumbrance is the initial step in legal/budgetary accounting for expenditures.

**External Reporting Partners (ERPs)** includes employers (some have custom systems, and many are vendor supported), payroll software vendors, and third-party administrators.

### **Fit/Gap**

The fit/gap analysis is an opportunity for CalSTRS and Team CGI to identify key design gaps in advance of the detailed Functional Rollout 3 (FR3) JAD sessions. The benefits of conducting a fit/gap phase before moving forward with JAD sessions are:

- Reduce project risk by identifying critical design expectation gaps and involving project leadership to resolve issues prior to proceeding with JADs.
- Enable CalSTRS leadership to make more informed decisions regarding subsequent functional rollouts.
- Provide the project a foundation to complete FR3 design, build, and test activities more efficiently.
- Improve estimates of the amount of work remaining to produce a more reliable schedule.

### **Functional Rollout (FR).**

- FR refers to the project’s three phased releases.



## Implementation in 3 Functional Rollouts

Rollout #1: Soft Launch of the Employer Readiness Environment	Rollout #2: Administration Calculations and Payments	Rollout #3: Customer Service Management Mobile Applications and Accessibility
Non-production environment for employers  Early exposure to system for staff supporting employers	Processing benefit applications Calculating benefits Benefit payments and adjustments Employer reporting	Benefits planning scheduling Internal customer service view New <i>myCalSTRS</i> functionality
Fall 2019	Fall 2021	Winter 2022

PENSION SOLUTION

**Funding authority** authorizes the allocation of appropriate funding to meet project needs.

**Implementation Dry Runs:** Testing activity or dress rehearsal to simulate the tasks and activities to be performed during the production implementation. During these simulations, the team can identify potential gaps or failures and develop corrective actions to mitigate any problems during the production implementation.

**IPOC:**

- IPOC stands for Independent Project Oversight Consultants. Grant Thornton has served as the board oversight vendor since 2011.
- IPOC reports focus on project sponsorship and governance, project management, risk and issue management, organizational change and training management, and vendor and contract management.

**IV&V:**

- IV&V stands for Independent Verification and Validation.
- MAXIMUS has served as the Pension Solution IV&V consultant since 2015.
- The IV&V report currently focuses on six project areas, including requirements, system development, interfaces, deliverable review, and data conversion and reconciliation.

**JAMA:** The Pension Solution project requirements management repository.

**Joint Application Design Sessions (JADS)** are the meetings in which the vendor and CalSTRS staff work through the process of aligning business requirements with technological design specifications to design the system. These sessions will begin again after the FR3 Fit/Gap.

**New File Format (NFF):** The project includes the implementation of two new file formats—the Employment File and the Contribution File—that will replace the existing legacy reports referred to as MR87, Address, Accounts Receivable, F496 and VDF files. The new file formats will be available to test in the employer readiness environment.

**Operational Reports:** Standard operational reports monitor basic operations such as workflow metrics, user access trace audit logs, problem incident reports, and many more. Most of the standard reports do not require any customization. Additionally, Neospin tracks basic operational transaction response times, including online transactions, batch jobs, query execution time, screen access timestamp, and user information. Operational Reports are intended to be statistical in nature providing metrics not found in Benefit Connect.

**Parallel Testing:** Testing performed to confirm that the new Pension Solution system is functioning properly based on comparisons with the existing CalSTRS legacy system(s). Parallel testing confirms that key business processes (e.g., monthly payroll and benefits recalculations) that are tested side-by-side with legacy systems return results that either match or have explainable and acceptable differences (i.e. due to changes in edit rules or other planned functional changes).

**Pre-Flight:** Informal testing to validate UAT test cases are written in accordance with the navigation, system components, and functions from within a fully operational system environment. This will provide CalSTRS advance time to potentially identify gaps in functionality necessary for FR2 Go-Live.

**Pre-User Acceptance Testing (Pre-UAT):** Testing of core system functions with the intent of improving both the overall system quality and UAT experience, confirm key functionalities, and build confidence for CalSTRS that the system is ready for UAT prior to commencement of formal UAT.

**Problem Incident Report (PIR):** Documentation that is submitted when a defect is discovered. A “defect” refers to any instance in which the system in the test environment does not function according to the design specification (DS) or when the actual result does not match the expected result during test execution.

**Resources:** Project resources usually means people resources, including staff, but could reference financial resources or materials.

**Secure Employer Website:** The Secure Employer Web Site provides a secure mechanism for reporting sources and reporting units within CalSTRS to submit inquiries about and changes to member information.

**Soft Launch:** The FR1 Soft Launch of the employer readiness environment was implemented on October 7, 2019. This environment is intended for the employer reporting partners to gain familiarity with the new system and to test the new file formats in advance of the production implementation in the fall of 2021 of FR1 and FR2.

**Software defects,** also known as Problem Incident Reports (PIRs), are descriptions of problems with software that block it from performing the business functions they were designed to execute.

**Spending Authority:** Authorizes the project to expend appropriated funds based on the approved project budget.

**To-be Process Documents:** A process document outlines the steps necessary to complete a task or process in the new system.

**User Acceptance Testing (UAT)** is formal testing of CalSTRS business processes to verify the new system, BenefitConnect meets organizational needs and is ready for production. UAT is performed by CalSTRS and supported by Team CGI.