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# CALSTRS

## **Enterprise Projects Fiscal Year 2010/2011 Second Quarter Report**

# Enterprise Projects

## Fiscal Year 2010/2011 – Second Quarter Report

The Enterprise Program Investment Council (EPIC) is responsible for governance of all enterprise projects which includes prioritizing, allocating resources and providing oversight of the \$20 million annual EPIC budget.

The Project Management Office (PMO) monitors and reports on the EPIC Budget and enterprise projects monthly to EPIC and quarterly to the Teachers' Retirement Board.

### Enterprise Program Investment Council Members

**Christine Ford**  
Chief of Staff

**Ed Derman**  
Deputy Chief Executive Officer  
Plan Design and Communication

**Peggy Plett**  
Deputy Chief Executive Officer  
Benefits and Services

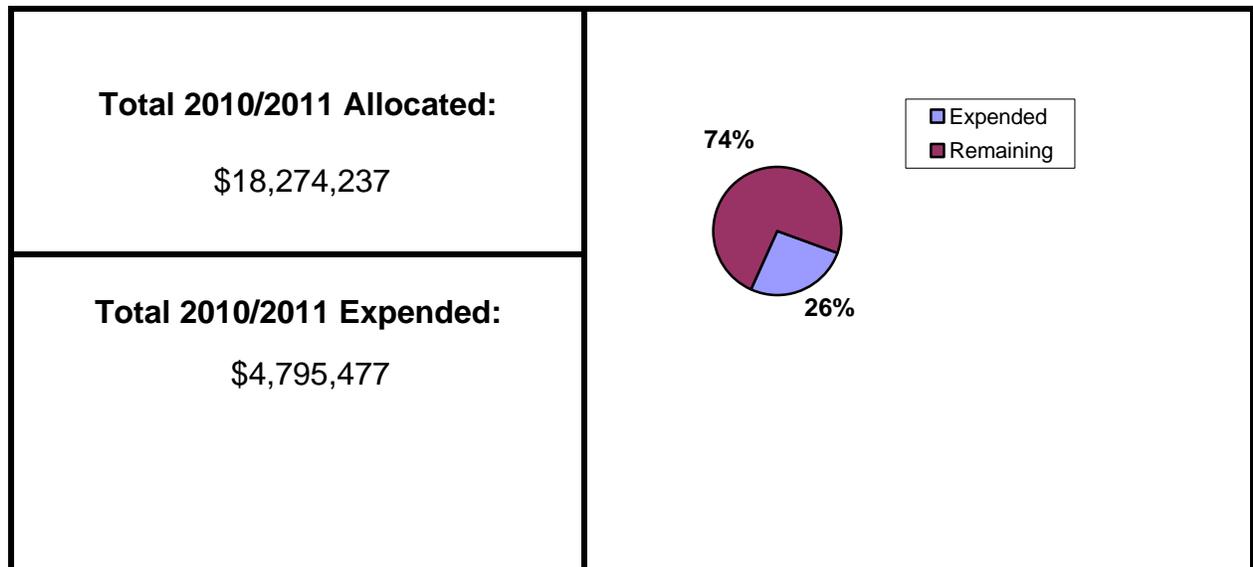
**Janice Hanson**  
Deputy Chief Executive Officer  
Enterprise Initiatives and Technology

**Robin Madsen**  
Chief Financial Officer

**Brian Bartow**  
General Counsel

### Total Enterprise Projects' 2010/2011 Budget: \$20 Million

As of December 31, 2010



# Enterprise Projects

## Fiscal Year 2010/2011 – Second Quarter

Project Name	Duration	Project Total <sup>1</sup>	2010/2011 Budget	2010/2011 Expended <sup>2</sup>	Schedule	Budget
Actuarial Valuation	Apr 08 – Jun 11	\$1,849,148	\$223,275	\$13,573	●	●
Annual Update	Jun 10 – Jun 11	\$109,824	\$109,824	\$27,701	●	●
Board Elections	Nov 10 – Mar 12	\$48,000	\$21,120	\$1,755	●	●
Cost Effectiveness Measurement	Jul 10 – Jun 11	\$28,800	\$28,880	\$21,725	●	●
Future State Architecture	Jul 07 – Jan 11	\$2,096,694	\$791,248	\$387,514	●	●
Investment Accounting <sup>3</sup>	Oct 08 – Dec 11	\$3,180,000	\$1,220,000	\$0	●	●
Member Service Center Discovery	Oct 10 – Apr 11	\$259,307	\$259,307	\$18,344	●	●
MyCalSTRS Online Services for Teachers <sup>4</sup>	Jan 09 – Jun 11	\$2,078,816	\$2,035,650	\$1,029,954	⚠ <sup>5</sup>	⚠ <sup>5</sup>
Penalties and Interest	Dec 09 – Jun 12	\$12,125,500	\$8,455,100	\$622,185	⚠ <sup>6</sup>	●
Pension Accounting Initiative	May 08 – Apr 11	\$6,372,839	\$3,198,600	\$622,185	●	●
Reduce Files	Mar 08 – Dec 10	\$7,986,383	\$3,230,842	\$3,230,842	☺	☺
Project Management Office Program	Ongoing	\$794,260	\$794,260	\$324,213	N/A	●
Project Risk Reserve	Ongoing	\$500,000	\$500,000	\$148,650	N/A	●
<b>Total Enterprise Projects' 2010/2011 Budget:</b> \$20 Million		<b>Total 2010/2011 Allocated:</b> \$18,274,237		<b>Total 2010/2011 Expended:</b> \$4,795,477		

**Schedule & Budget Indicators:** ● Acceptable    ⚠ Warning    ◆ Critical    ☺ Complete

<sup>1</sup> Project Total – amount represents the sum of the projects' prior years' actual expended amount and the current and future years budgeted amounts

<sup>2</sup> 2010/2011 Expended – amount includes the project expenses paid and does not reflect expenses that have been accrued

<sup>3</sup> Investment Accounting – project initiated with contingency funding and received EPIC funding in January 2010. The amount displayed above reflects EPIC funding only

<sup>4</sup> myCalSTRS Online Services for Teachers – project initiated with contingency funding and received EPIC funding in November 2009. The amount displayed above reflects EPIC funding only

<sup>5</sup> myCalSTRS Online Services for Teachers – schedule and budget warning due to resource availability

<sup>6</sup> Penalties and Interest – schedule warning due to an extended timeframe required to complete conceptual design activities

**Actuarial Valuation**

The Actuarial Valuation project will provide CalSTRS with verification of the actuarial valuation processes, improve the current valuation process through the use of both technology and process improvement, and create detailed Actuarial Resources procedures.

**Period Ending December 31, 2010:**

- Completed server application upgrade review and assessment.

**Planned Deliverables by March 31, 2011:**

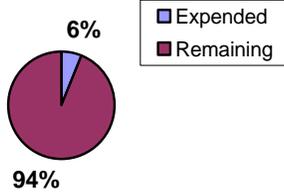
- Implement functionality for remaining standard reports.
- Test and implement Data Validation Screen components.
- Test and implement ad-hoc reports.

**Board Strategic Fit**

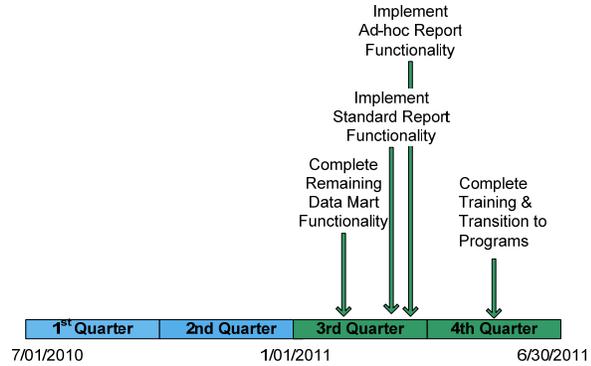
**Goal 4:** *Ensure a financially sound retirement system.*

**Objective D:** **Develop and implement a full funding plan.**

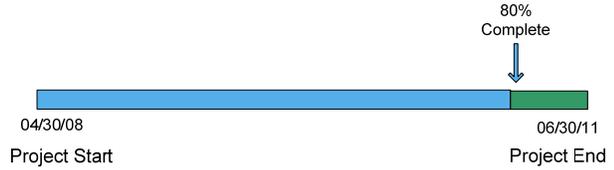
**2010/2011 Project Budget**  
**\$223 Thousand**



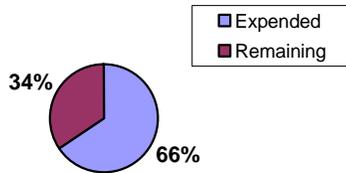
**Major Fiscal Year 2010/2011 Milestones**



**Project Schedule Status Timeline**



**Total Project Budget**  
**\$1.8 Million**



**Annual Update**

Annual Update is the process that creates and distributes the annual member Retirement Progress Reports.

**Period Ending December 31, 2010:**

- Completed 2009/2010 Annual Update corporate database production run.
- Provided 2009/2010 Retirement Progress Reports on *myCalSTRS*.
- Mailed 2009/2010 Retirement Progress Reports to members.
- Gathered data on 2010 Retirement Progress Reports Customer Satisfaction Survey.

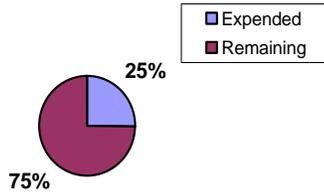
**Key Operational Initiative**

*Teachers' Retirement Law requires individual account statements to be provided to each active and inactive member at least annually.*

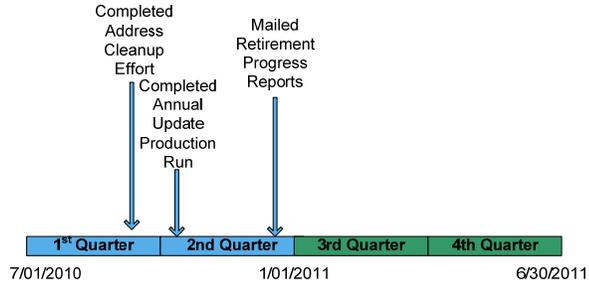
**Planned Deliverables by March 31, 2011:**

- Complete 2009/2010 Annual Update Close Out Report.
- Conduct Lessons Learned session with print vendor.
- Obtain Approval of 2010/2011 Annual Update Project Charter.
- Define 2010/2011 Retirement Progress Report enhancements.

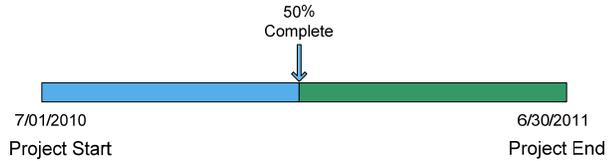
**2010/2011 Project Budget  
\$110 Thousand**



**Major Fiscal Year 2010/2011 Milestones**



**Project Schedule Status Timeline**



**Board Elections**

The Board Election project will facilitate, coordinate and conduct the CalSTRS 2012 Board Election as required under the Teachers' Retirement Law. The elected candidates will serve a four-year term beginning January 1, 2012.

**Key Operational Initiative**

*Teachers' Retirement law requires CalSTRS to conduct a Board Election every four years.*

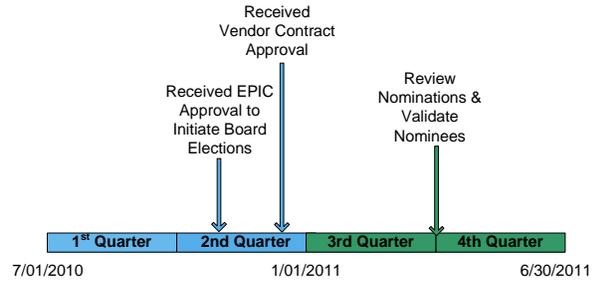
**Period Ending December 31, 2010:**

- Received approval from the Enterprise Program Investment Council (EPIC) to initiate the Board Election project.
- Finalized Contract with Election Services Vendor.
- Received Board approval for the 2011 Notice of Election.
- Published Notice of Election and petitions on CalSTRS web site.

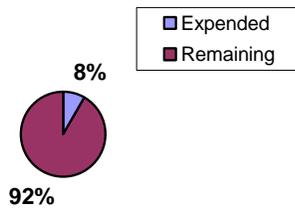
**Planned Deliverables by March 31, 2011:**

- Review, update and approve functional specifications.
- Receive, review and validate candidate nominations.

**Major Fiscal Year 2010/2011 Milestones**



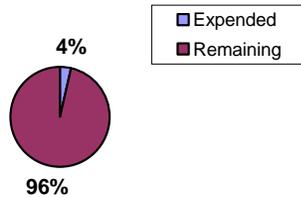
**2010/2011 Project Budget**  
**\$21 Thousand**



**Project Schedule Status Timeline**



**Total Project Budget**  
**\$48 Thousand**



**Cost Effectiveness Measurement**

CalSTRS initiated the Cost Effectiveness Measurement (CEM) Defined Benefit Administration Survey project to coordinate and facilitate all efforts in response to the Defined Benefit Administration annual survey being conducted by CEM, Inc.

**Board Strategic Fit**

**Goal 1:** *Raise the quality in the delivery of benefits, products and services to best in class.*

**Objective C:** Evaluate customer service using benchmark and best practices research.

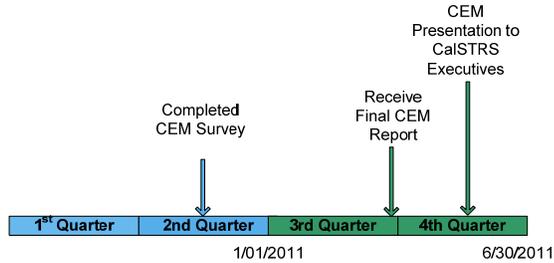
**Period Ending December 31, 2010:**

- Completed and submitted 2009//2010 Cost Effectiveness Measurement (CEM) Defined Benefit Benchmarking Survey to CEM, Inc.

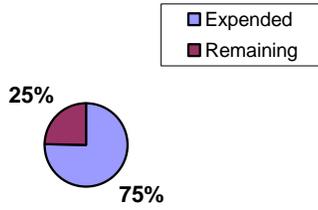
**Planned Deliverables by March 31, 2011:**

- Review 2009/2010 Cost Effectiveness Measurement (CEM) Defined Benefit Benchmarking Survey Draft Report.
- Return Draft Report to CEM Inc., with final comments.
- Conduct Lessons Learned session.

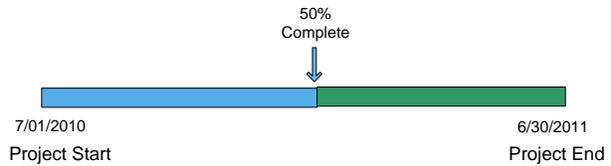
**Major Fiscal Year 2010/2011 Milestones**



**2010/2011 Project Budget \$29 Thousand**



**Project Schedule Status Timeline**



**Future State Architecture**

The Future State Architecture Project will deliver the Solutions Framework and Implementation Roadmap to assist the organization in moving forward to its Future State as defined in the CalSTRS Strategic Plans.

**Period Ending December 31, 2010:**

- Obtained Enterprise Program Investment Council (EPIC) approval of Implementation Roadmap and business case for the Pension system discovery project under Renew.
- Moved priority management effort to Project Management Office Program.

**Planned Deliverables by March 31, 2011:**

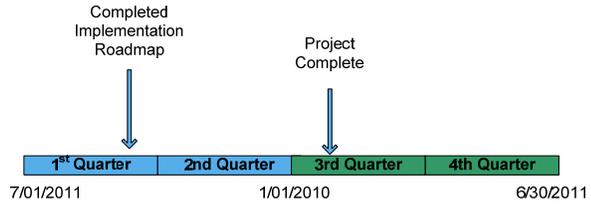
- Complete project close-out report.

**Board Strategic Fit**

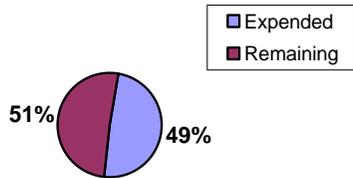
**Goal 3:** *Ensure a supportive and efficient organization and be an employer of choice.*

**Objective F:** *Identify and improve the efficiency of CalSTRS business.*

**Major Fiscal Year 2010/2011 Milestones**



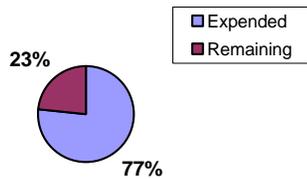
**2010/2011 Project Budget**  
**\$791 Thousand**



**Project Schedule Status Timeline**



**Total Project Budget**  
**\$2.1 Million**



**Investment Accounting**

The Investment Accounting Project will enhance the current accounting procedures and processes as they relate to accounting for CalSTRS' investment portfolio.

**Board Strategic Fit**

**Goal 3:** *Ensure a supportive and efficient organization and be an employer of choice.*

**Objective E:** **Enhance the scope and quality of internal controls, internal audits and external audits.**

**Period Ending December 31, 2010:**

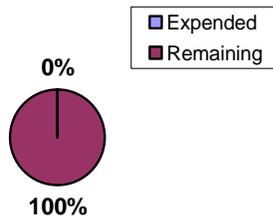
- Completed Design and Development project phase.
- Finalized comprehensive proposals and requirements for analysis, reconciliation and oversight tools for financial data maintained by third party custodians, including improved efficiencies in the transfer of data to CalSTRS for preparation of financial statements.
- Developed and finalized updated job descriptions, communication protocols and organizational structure and reporting lines for Investment Accounting.
- Initiated the Complex Securities Group, which will collaboratively analyze, discuss and communicate desired investment accounting and reporting treatments for certain complex securities to the third party custodian.

**Planned Deliverables by March 31, 2011:**

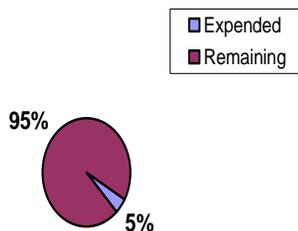
- Initiate development of complex securities analyses and documentation across all investment types.
- Initiate development of templates for oversight activities.
- Determine financial statement presentation for investments
- Continue implementation and operation activities.

*Note:* The project was initiated in October 2008, with a total of \$1,250,000 in contingency funds divided equally between fiscal years 2008/2009 and 2009/2010, and received Enterprise Program Investment Council (EPIC) funding beginning in January 2010. All of the 2009/2010 contingency funds and \$137,000 of the 2009/2010 EPIC funds have been expended.

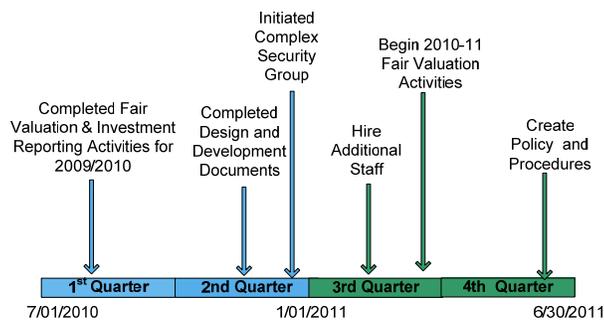
**2010/2011 Project Budget**  
**\$1.2 Million**



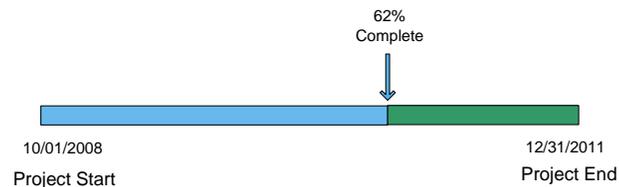
**Total Project Budget**  
**\$3.2 Million**



**Major Fiscal Year 2010/2011 Milestones**



**Project Schedule Status Timeline**



Project Name	Purpose	Accomplishments
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**Member Service Center Discovery**

The Member Service Center Discovery effort will identify and document business requirements for establishing five CalSTRS Member Service Centers (MSC) statewide with the first opening in Southern California.

**Board Strategic Fit**

**Goal #3:** Ensure a supportive and efficient organization and be an employer of choice.

**Objective C: Explore the pros and cons for having branch offices to enhance customer service.**

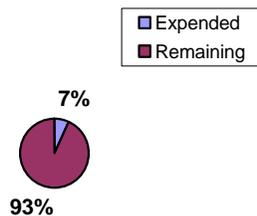
**Period Ending December 31, 2010:**

- Released Request for Proposal for consultant services.
- Awarded consultant contract to Benchmark Consulting Services, LTD.
- Conducted Member Service Center Discovery Effort Kick-off meeting.
- Completed the "As-Is" analysis of the counseling program in the Sacramento, Los Angeles, San Diego, Orange, Sonoma, Hayward, Fresno, Tulare, San Francisco, San Jose and San Mateo offices.
- Conducted Stakeholder Analysis interviews with CalSTRS business areas.

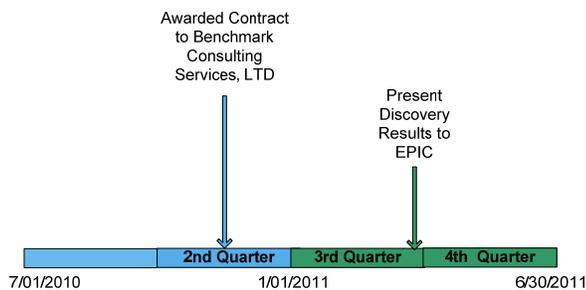
**Planned Deliverables by March 31, 2011:**

- Define Facility and Infrastructure requirements for a Member Service Center site.
- Define the Technology and Telecommunication requirements for a Member Service Center site.
- Conduct Best Practices Research.
- Determine optimal Los Angeles area office site based on demographics.
- Complete and present Discovery Results document to Enterprise Program Investment Council (EPIC).

**2010/2011 Project Budget**  
\$259 Thousand

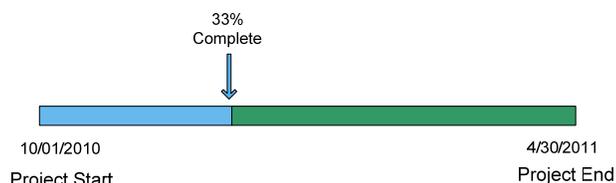
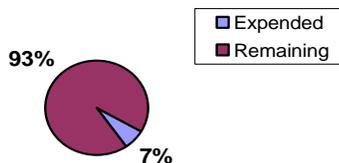


**Major Fiscal Year 2010/2011 Milestones**



**Project Schedule Status Timeline**

**Total Project Budget**  
\$259 Thousand



**myCalSTRS Online Services for Teachers (MOST)**

The MOST project will enhance member online services by updating the secure access and providing a variety of new online services including the ability to complete the retirement application and register for direct deposit online.

**Board Strategic Fit**

**Goal 1:** Raise the quality in the delivery of benefits, products and services to best in class.

**Objective A:** Develop new ways to effectively communicate with different segments of the membership to enhance their understanding of CalSTRS benefits.

**Period Ending December 31, 2010:**

- Implemented the Death Beneficiary form on-line.
- Implemented the on-line submit Pension Income Verification form.
- Disbanded the myCalSTRS Online Services for Teachers (MOST) temporary Call Center.
- Received 231 Service Credit Purchase forms, 1,260 Death Beneficiary forms, and completed 23 Verification of Benefits requests.
- Since July 2010:
  - Registered 87,000 members through on-line and alternate registration processes.
  - Enrolled 2,037 members for direct deposit; updated 8,292 member addresses, and 2,041 members' tax withholding information.

**Planned Deliverables by March 31, 2011:**

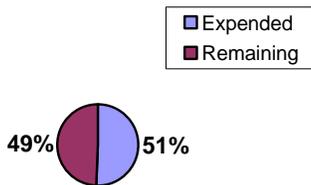
- Implement the on-line submit Death Beneficiary form.
- Implement the on-line Death Notification process.
- Complete the development for the on-line Refund, Pre-election of an Option and Service Retirement applications.

*Note:* The project was initiated in January 2009 with fiscal year 2008/2009 contingency funds of \$858,000 and fiscal year 2009/2010 contingency funds of \$1,480,000 and received Enterprise Program Investment Council (EPIC) funding beginning in November 2009. A total of \$1,333,984 in contingency funds has been expended.

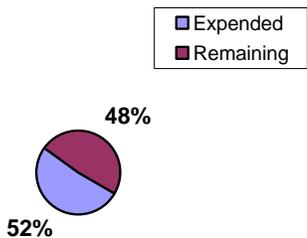
**⚠ Schedule and Budget Warning:** The myCalSTRS Online Services for Teachers project is in warning due to the unavailability of development staff and additional system requirements.

The project returned to the Enterprise Program Investment Council (EPIC) in January and received approval to increase the schedule to December 2011 and budget by \$19,000 for project closeout activities. The project scope will be completed in June 2011.

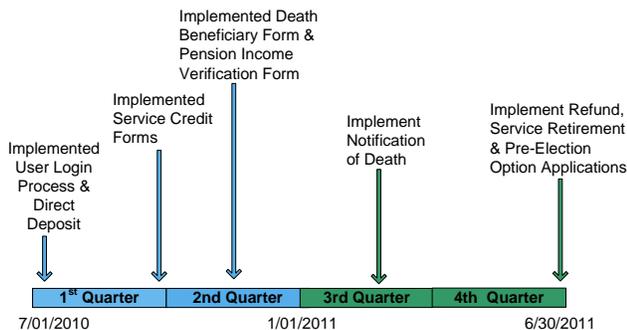
**2010/2011 Project Budget \$2 Million**



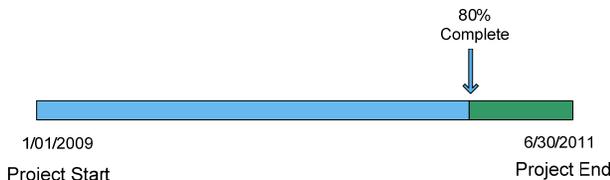
**Total Project Budget \$2.1 Million**



**Major Fiscal Year 2010/2011 Milestones**



**Project Schedule Status Timeline**



**Penalties and Interest**

The Penalties and Interest project will identify and implement a commercial off-the-shelf (COTS) solution for automating the calculation, billing, monitoring, collection and dispute process of penalties and interest assessed to Employers for late remittances, late reporting and late adjustments of contributions.

**Period Ending December 31, 2010:**

- Hired Gartner Inc. to provide project management services.
- Conducted "To-Be" business process workshops with Employer pilot group and internal organizations.
- Implemented development environment at CalSTRS.
- Developed draft Solution Design (Blueprint) for the complete Penalties and Interest solution.
- Performed Change Management interviews in preparation of developing the Change Management Strategy.

**Board Strategic Fit**

**Goal 1:** Raise the quality in the delivery of benefits, products and services to best in class.

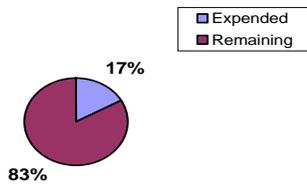
**Objective D:** Identify and eliminate internal and external data integrity problems.

**Planned Deliverables by March 31, 2011:**

- Finalize Conceptual Solution Design (Blueprint).
- Develop Functional and Technical Specifications for all non-standard SAP functionality.
- Configure SAP Commercial-off-the-Shelf (COTS) package and develop non-standard SAP objects.
- Develop Change Management Strategy and complete initial change management tasks.
- Implement quality assurance and production environments.

**⚠ Schedule Warning:** The conceptual design (blueprint) phase has taken longer than planned. The project team is evaluating schedule and resources requirements for the remaining project activities.

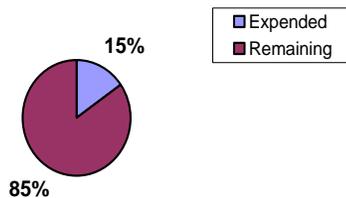
**2010/2011 Project Budget  
\$8.5 Million**



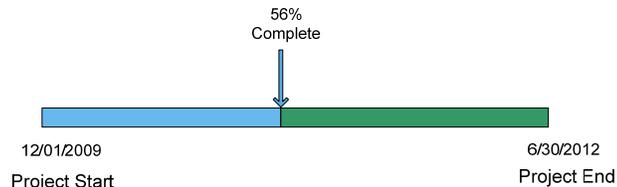
**Major Fiscal Year 2010/2011 Milestones**



**Total Project Budget  
\$12.1 Million**



**Project Schedule Status Timeline**



**Pension Accounting Initiative**

The Pension Accounting Initiative will improve internal controls by addressing gaps between current and best practices in accounting policy, planning, treatment, chart of accounts, analysis, availability of financial information, use of the general ledger, communication of fiscal impacts, and training for pension administration business events.

**Board Strategic Fit**

**Goal 3:** *Ensure a supportive and efficient organization and be an employer of choice.*

**Objective E:** **Enhance the scope and quality of internal controls, internal audits and external audits.**

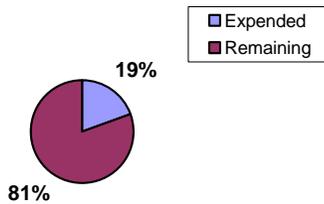
**Period Ending December 31, 2010:**

- Finalized and obtained approval from the Enterprise Program Investment Council (EPIC) for the Corporate Accounting & Resource Management System scope, budget and procurement recommendation.
- Completed the development of accounting treatments and analytical review for the remaining receive money, disburse money, and manage money business events.
- Finalized Risk Assessment and Strategic Planning procedural documents, roadmaps, and templates.
- Developed policies necessary to strengthen Accounting's internal controls.
- Began the gap analysis between current classifications for Accounting personnel and the skills, knowledge, and abilities required to complete the analytical and technical work required.

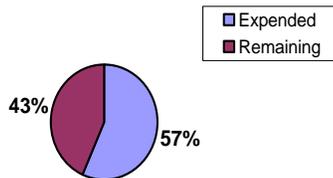
**Planned Deliverables by March 31, 2011:**

- Finalize Chart of Accounts Framework including a prototype and overview report in preparation for the Corporate Accounting and Resource Management System.
- Complete development of policies necessary to strengthen organizational internal controls.
- Finalize the Corporate Accounting & Resource Management System Discovery Report following the EPIC meeting.
- Deliver procedural documents to improve the Benefit Payment and Distribution process as well as the Collections and Receivables process.
- Complete deliverables to automate and improve the process of closing financial records.

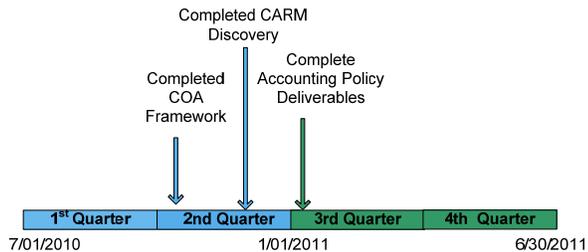
**2010/2011 Project Budget**  
**\$3.2 Million**



**Total Project Budget**  
**\$6.4 Million**



**Major Fiscal Year 2010/2011 Milestones**



**Project Schedule Status Timeline**



**Reduce Files**

The Reduce Files project will convert non-member paper, microfilm and microfiche files to electronic format to reduce storage space requirements. This will decrease the number of filing cabinets throughout CalSTRS and contribute to the New Headquarters facility's LEED Gold Certification for sustainable "green" construction. The project also includes implementing a Records Management Program to ensure proper ongoing record maintenance.

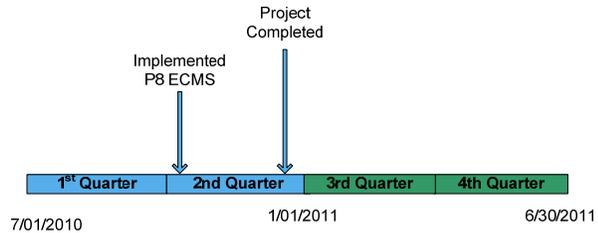
**Period Ending December 31, 2010:**

- Completed development of new training courses on Imaging System.
- Implemented P8 Enterprise Content Management System (ECMS).
- Completed project Transition Plan.
- Completed transition of project to program.

**Planned Deliverables by March 31, 2011:**

- Complete project close-out report.

**Major Fiscal Year 2010/2011 Milestones**

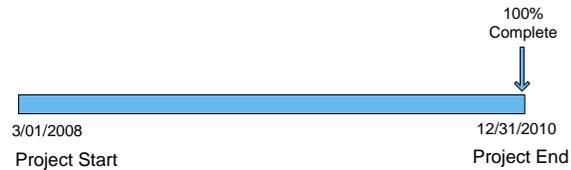


**Board Strategic Fit**

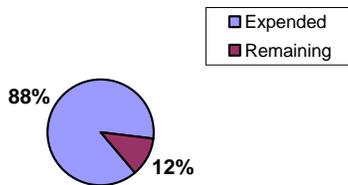
**Goal 3:** *Ensure a supportive and efficient organization and be an employer of choice.*

**Objective D:** *Design policies and practices to address the distribution and retention of electronic records.*

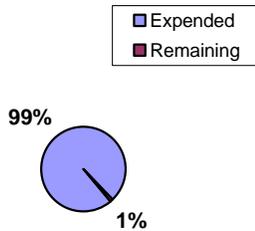
**Project Schedule Status Timeline**



**2010/2011 Project Budget**  
**\$3.2 Million**



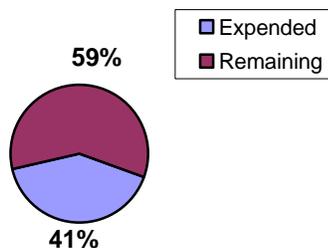
**Total Project Budget**  
**\$8 Million**



**Project Management Office Program**

The Project Management Office provides oversight and management of enterprise wide Enterprise Program Investment Council (EPIC) projects. The Project Management Office utilizes Project Management and System Development Life Cycle methodologies to manage projects. The Project Management Office also provides project resources and project management consulting to the CalSTRS organization.

**2010/2011 Project Budget  
\$794 Thousand**



**Period Ending December 31, 2010:**

- Continued to provide direction and project management resources for two projects (Future State Architecture and Penalties and Interest).
- Transitioned project management resource support to project management services vendor for one project (Penalties and Interest)
- Provided direction for one project (Future State Architecture) requesting approval of the Implementation Roadmap and to initiate BusinessRenew efforts.
- Provided direction for one new project request (Board Elections).
- Provided direction for one discovery results recommendation (Pension Accounting Initiative for Corporate Accounting and Resource Management).
- Provided direction for one project (Actuarial Valuation) requesting scope confirmation.
- Initiated one post implementation evaluation report (PIER) for Accounting Reengineering.
- Completed Project Express workshop series to CalSTRS staff on project management processes and templates.
- Provided oversight and management (i.e. scope, schedule, budget, risk, issue) for eleven enterprise projects/discovery efforts.
- Transitioned the Priority Management effort from Future State Architecture to the Project Management Office Program and secured new project sponsor.

**Planned Deliverables by March 31, 2011:**

- Provide direction for one project (myCalSTRS Online Services for Teachers) requesting a schedule extension and budget increase.
- Provide oversight and management (i.e. scope, schedule, budget, risk, issue) for eleven enterprise projects/discovery efforts.
- Provide Enterprise Program Investment Council (EPIC) with the results of one post implementation evaluation report (PIER) for Community Colleges – AB1586.
- Develop one post implementation evaluation report (PIER) for Accounting Reengineering for review and approval.
- Initiate one post implementation evaluation report (PIER) for Data Integrity.
- Finalize and receive approval of Priority Management project charter.
- Develop Priority Management assessment and scoring model.
- Complete data collection in support of the Priority Management assessment process.