
CALSTRS

Enterprise Projects Fiscal Year 2010/2011 First Quarter Report

Enterprise Projects

Fiscal Year 2010/2011 – First 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

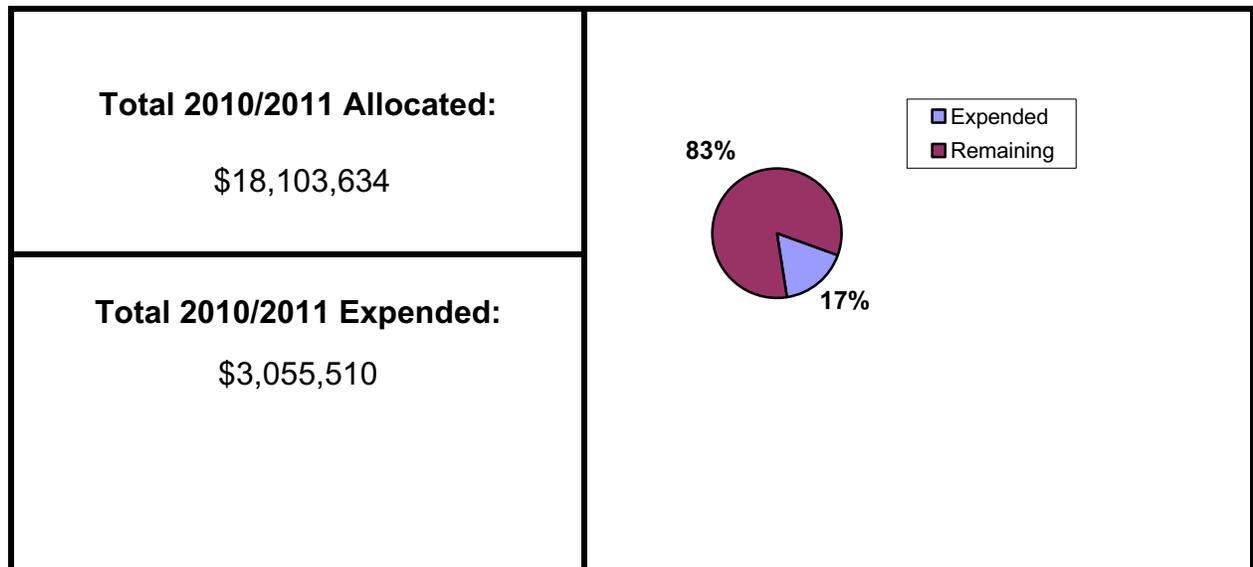
Janice Hanson
Deputy Chief Executive Officer
Enterprise Initiatives and Technology

Robin Madsen
Interim Chief Financial Officer

Brian Bartow
General Counsel

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

As of September 30, 2010



Enterprise Projects

Fiscal Year 2010/2011 – First Quarter

Project Name	Duration	Project Total ¹	2010/2011 Budget	2010/2011 Expended ²	Schedule	Budget
Actuarial Valuation	Apr 08 – Jun 11	\$1,740,598	\$223,275	\$4,372	●	●
Annual Update	Jun 10 – Jun 11	\$109,824	\$109,824	\$18,552	●	●
Cost Effectiveness Measurement	Jul 10 – Jun 11	\$28,800	\$28,880	\$8,544	●	●
Future State Architecture	Jul 07 – Jun 11	\$2,012,694	\$791,248	\$228,293	●	●
Investment Accounting ³	Oct 08 – Dec 11	\$3,180,000	\$1,220,000	\$0	⚠ ⁴	●
MyCalSTRS Online Services for Teachers ⁵	Jan 09 – Jun 11	\$2,078,816	\$2,035,650	\$539,181	●	●
Penalties and Interest	Dec 09 – Jun 12	\$12,125,500	\$8,455,100	\$1,290,966	●	●
Pension Accounting Initiative	May 08 – Apr 11	\$6,372,839	\$3,198,600	\$44,658	●	●
Reduce Files	Mar 08 – Dec 10	\$7,986,383	\$636,973	\$416,304	●	●
Project Management Office Program	Ongoing	\$794,260	\$794,260	\$153,290	N/A	●
Project Risk Reserve	Ongoing	\$500,000	\$500,000	\$351,350	N/A	●
Total Enterprise Projects' 2010/2011 Budget: \$20 Million		Total 2010/2011 Allocated: \$18,103,634		Total 2010/2011 Expended: \$3,055,510		

Schedule & Budget Indicators:

● Acceptable

⚠ Warning

◆ Critical

☺ Complete

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

² 2009/2010 Expended – amount includes the project expenses paid and does not reflect expenses that have been accrued

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

⁴ Investment Accounting – due to delay of key milestones

⁵ 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

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 September 30, 2010:

- Completed risk review and reassessment to ensure risk management plan is current and contingencies and mitigations are appropriate.

Planned Deliverables by December 31, 2010:

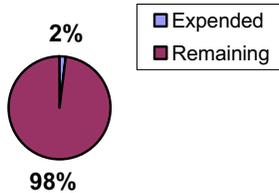
- Develop and implement functionality for remaining standard statistical reports.
- Continue Data Validation Screen design and development.

Board Strategic Fit

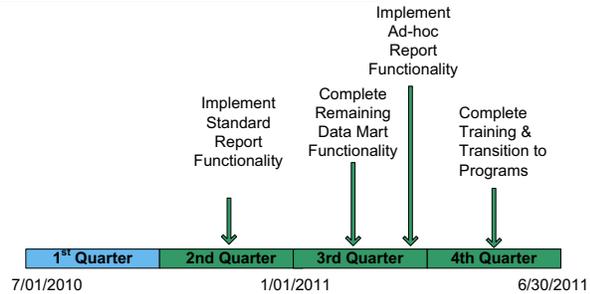
Goal 4: *Ensure a financially sound retirement system.*

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

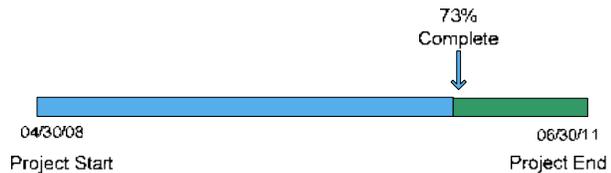
2010/2011 Project Budget
\$223 Thousand



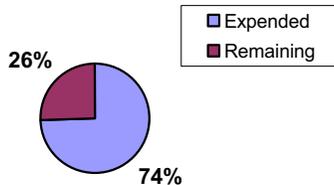
Major Fiscal Year 2010/2011 Milestones



Project Schedule Status Timeline



Total Project Budget
\$1.7 Million



Annual Update

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

Period Ending September 30, 2010:

- Replaced critical project resource.
- Prioritized 2009/2010 Annual Update system enhancements.
- Developed 2009/2010 requirements and design specifications.
- Completed 2009/2010 Annual Update Address Clean-Up Project.
- Completed User Acceptance Testing 2009/2010 Annual Update enhancements
- Migrated 2009/2010 enhancements into corporate database.

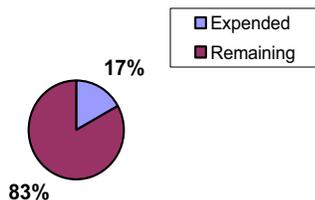
Board Strategic Fit

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

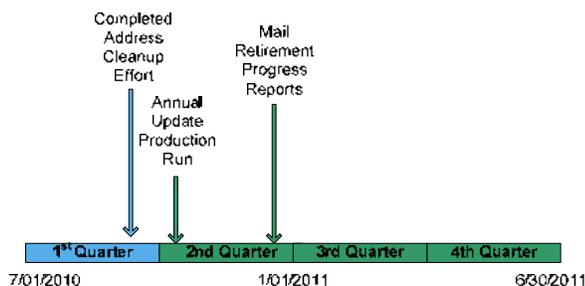
Planned Deliverables by December 31, 2010:

- Complete 2009/2010 Annual Update corporate database production run.
- Provide Retirement Progress Reports on *myCalSTRS*.
- Begin requirements and design specifications for 2010/2011 Retirement Progress Reports.
- Mail 2009/2010 Retirement Progress Reports to members.

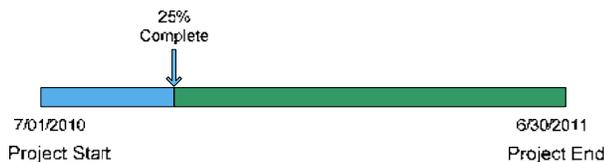
2010/2011 Project Budget
\$110 Thousand



Major Fiscal Year 2010/2011 Milestones



Project Schedule Status Timeline



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.

Period Ending September 30, 2010:

- Received 2009/2010 Defined Benefit Benchmarking Survey from Cost Effectiveness Measurement (CEM) Inc.
- Conducted CEM Kick-Off Meeting.
- Initiated survey data collection process.

Planned Deliverables by December 31, 2010:

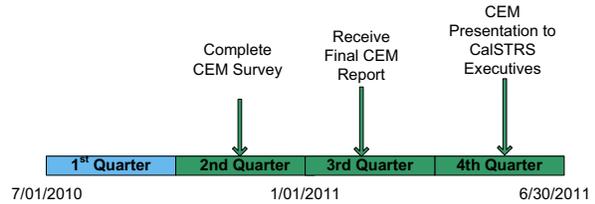
- Complete draft 2009/2010 Cost Effectiveness Measurement (CEM) Defined Benefit Benchmarking Survey and submit to CEM, Inc.

Board Strategic Fit

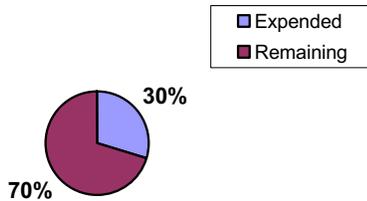
Goal 1: Raise the quality in the delivery of benefits, products and services to best in class.

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

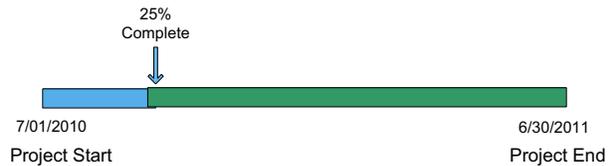
Major Fiscal Year 2010/2011 Milestones



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.

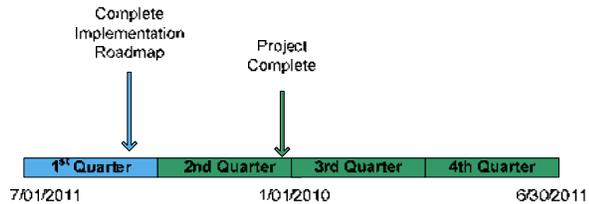
Period Ending September 30, 2010:

- Completed Pension Administration solution vendor demonstrations.
- Distributed Implementation Roadmap for approval.
- Implemented umbrella name for Implementation Roadmap initiatives going forward: CalSTRS BusinessRenew.

Planned Deliverables by December 31, 2010:

- Receive approval of Implementation Roadmap and associated business cases for initial implementation efforts.
- Complete project close-out report.

Major Fiscal Year 2010/2011 Milestones

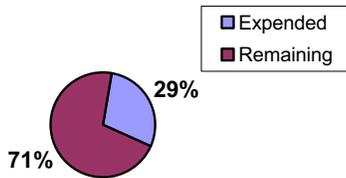


Board Strategic Fit

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

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

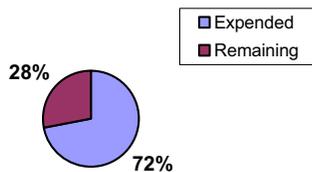
2010/2011 Project Budget
\$791 Thousand



Project Schedule Status Timeline



Total Project Budget
\$2 Million



Investment Accounting

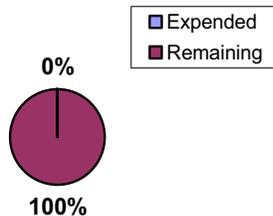
The Investment Accounting Project will enhance the current accounting procedures and processes as they relate to accounting for CalSTRS' investment portfolio.

Board Strategic Fit

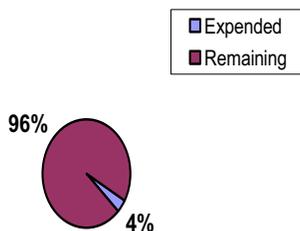
Goal 3: *Ensure a supportive and efficient organization and be an employer of choice.*

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

2010/2011 Project Budget
\$1.2 Million



Total Project Budget
3.2 Million



Period Ending September 30, 2010:

- Completed Fair Valuation activities for 2009/2010 fiscal year.
- Developed model for 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.
- Hired Investment Accounting staff project resource.
- Implemented Governmental Accounting Standards Board (GASB) 53; compiled and reviewed all investment disclosures for the June 30, 2010 financial statements.
- Substantially reduced number of manual reclassifications required for year end reporting of investments.

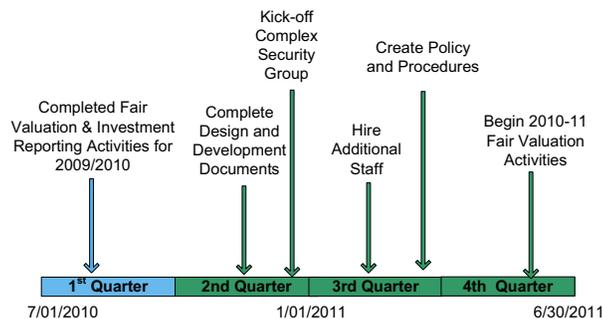
Planned Deliverables by December 31, 2010:

- Finalize 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.
- Develop and finalize updated job descriptions, communication and organizational structure and reporting lines for Investment Accounting.
- Continue implementation and operation activities.

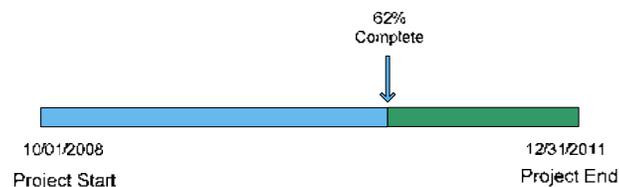
⚠ Schedule Warning – due to key milestones delayed as a result of constrained project team resources during financial statement preparation, vendor staffing changes and the extended amount of time needed to complete one of the major milestones. Vendor to replace lost expertise and ensure staffing levels are adequate to meet overall project timeline. Due dates for certain deliverables have been extended, but project completion is still scheduled for December 2011.

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 have been expended.

Major Fiscal Year 2010/2011 Milestones



Project Schedule Status Timeline



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.

Period Ending September 30, 2010:

- Implemented new user login process and direct deposit online registration process.
- Implemented the print, sign and mail Service Credit Purchase forms.
- Registered 50,000 members through on-line and alternate registration processes.
- Enrolled 1,163 members for direct deposit, updated 4,426 member addresses, and 1,212 members' tax withholding information.

Board Strategic Fit

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

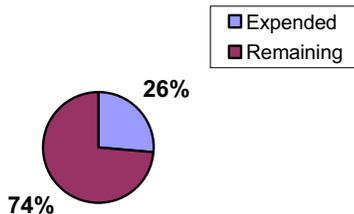
Objective A: **Develop new ways to effectively communicate with different segments of the membership to enhance their understanding of CalSTRS benefits.**

Planned Deliverables by December 31, 2010:

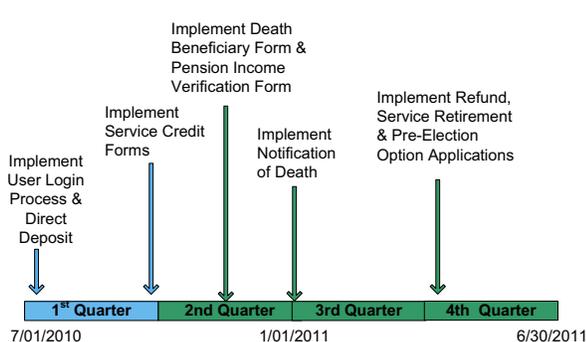
- Disband the myCalSTRS Online Services for Teachers (MOST) temporary Call Center.
- Implement the on-line submit Pension Income Verification form.
- Implement the On-line Death Beneficiary form.
- Complete testing for the On-line Death Notification process.
- Complete the development for the on-line 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.

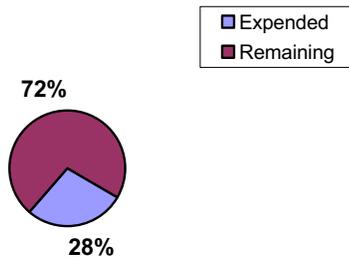
2010/2011 Project Budget
\$2 Million



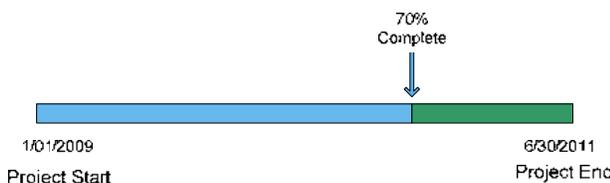
Major Fiscal Year 2010/2011 Milestones



Total Project Budget
\$2.1 Million



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.

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.**

Period Ending September 30, 2010:

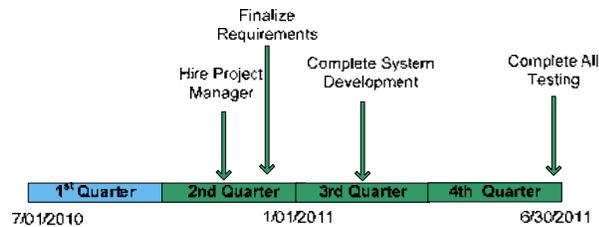
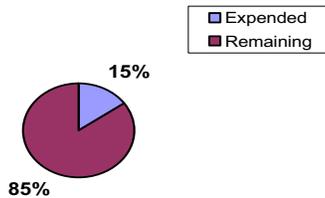
- Received Board approval to enter into a contract with CIBER as the integration vendor to implement SAP as the commercial off-the-shelf (COTS) solution.
- Finalized the vendor contract and on boarded the integration vendor.
- Requested and received Enterprise Program Investment Council (EPIC) approval of the revised project budget and schedule to support the SAP implementation.
- Initiated business requirements validation processes.
- Released Request for Proposal (RFP) for project management services and initiated evaluation process.

Planned Deliverables by December 31, 2010:

- Hire project management services vendor.
- Conduct "To-Be" requirements workshop with Employer pilot group.
- Complete "To-Be" requirements validation workshops.
- Finalize requirement specifications and identify solution design.
- Implement SAP development environment at CalSTRS.

Major Fiscal Year 2010/2011 Milestones

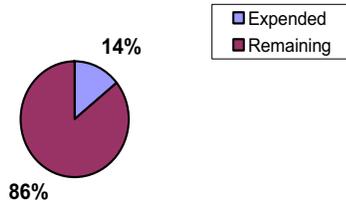
2010/2011 Project Budget
\$8.5 Million



Project Schedule Status Timeline



Total Project Budget
\$12.1 Million



Pension Accounting Initiative

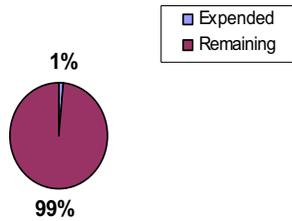
The Pension Accounting Initiative will improve internal controls by addressing gaps between current and best practices in accounting policy, planning, treatment, chart of accounts, analysis, availability of financial information, use of the general ledger, communication of fiscal impacts, and training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

Board Strategic Fit

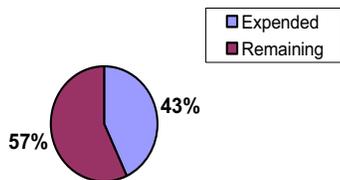
Goal 3: *Ensure a supportive and efficient organization and be an employer of choice.*

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

2010/2011 Project Budget
\$3.2 Million



Total Project Budget
\$6.4 Million



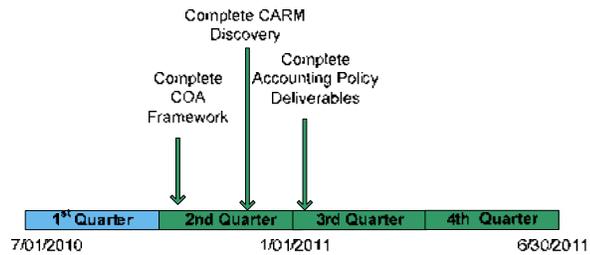
Period Ending September 30, 2010:

- Began the Chart of Accounts framework to improve financial reporting.
- Developed policies necessary to strengthen Accounting's internal controls.
- Developed accounting treatment and analytical review processes for receive money and disburse money business events.
- Began development of the Risk Assessment and Strategic Planning procedural documents, templates, and roadmaps.
- Initiated the Corporate Accounting & Resource Management System Discovery Effort.
- Clarified scope for the Corporate Accounting & Resources Management system discovery effort and returned to the Enterprise Program Investment Council (EPIC) to request approval.
- Began the preliminary feasibility study to determine the proper position classifications for Accounting personnel.

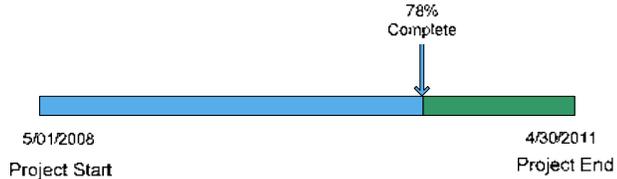
Planned Deliverables by December 31, 2010:

- Complete the development of the accounting treatments and analytical review for the remaining receive money, disburse money, and manage money business events
- Finalize Risk Assessment and Strategic Planning procedural documents, roadmaps, and templates.
- Finalize Chart of Accounts prototype and overview report.
- Continue developing and finalizing policies necessary to strengthen organizational internal controls.
- Finalize the Corporate Accounting & Resource Management System Discovery Effort and obtain Enterprise Program Investment Council (EPIC) approval.

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.

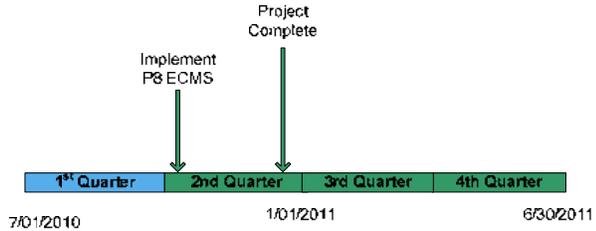
Period Ending September 30, 2010:

- Completed development of new training courses in Records Management and Imaging System Functionality.
- Continued development of P8 Enterprise Content Management System (ECMS).

Planned Deliverables by December 31, 2010:

- Implement P8 Enterprise Content Management System (ECMS).
- Complete the project Transition Plan.
- Complete transition of project to program.
- Complete project close-out report.

Major Fiscal Year 2010/2011 Milestones

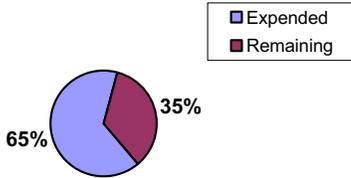


Board Strategic Fit

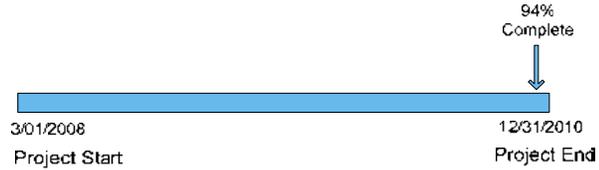
Goal 3: *Ensure a supportive and efficient organization and be an employer of choice.*

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

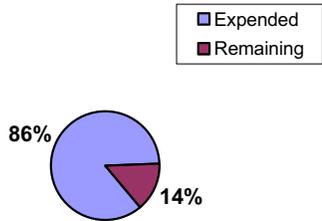
2010/2011 Project Budget
\$637 Thousand



Project Schedule Status Timeline



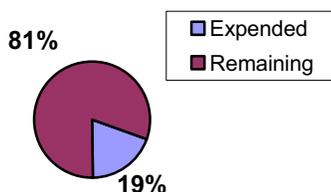
Total Project Budget
\$7.9 Million



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
\$800 Thousand



Period Ending September 30, 2010:

- Provided direction and project management resources for two projects (Future State Architecture and Penalties and Interest).
- Provided direction for one project (Penalties and Interest) requesting schedule and budget modifications.
- Provided direction for one project (Pension Accounting Initiative) requesting a scope modification/clarification.
- Provided direction for one new discovery request (Member Service Centers).
- Provided oversight and management (i.e. scope, schedule, budget, risk, issue) for nine enterprise projects/discovery efforts.
- Completed one discovery effort recommending a content management system tool.
- Completed one post implementation evaluation report (PIER) for Community Colleges – AB1586.
- Completed one Project Express workshop series to CalSTRS staff on project management processes and templates and initiated a second series.
- Returned funding supporting two state staff positions to the Enterprise Program Investment Council.

Planned Deliverables by December 31, 2010:

- Continue to provide direction and project management resources for two projects (Future State Architecture and Penalties and Interest).
- Provide direction for one project (Future State Architecture) requesting approval of the Implementation Roadmap.
- Provide direction for one new project request (Board Elections).
- Provide direction for one discovery results recommendation (Pension Accounting Initiative for Corporate Accounting and Resource Management).
- Provide direction for one project (Actuarial Valuation) requesting scope confirmation.
- Provide oversight and management (i.e. scope, schedule, budget, risk, issue) for ten enterprise projects/discovery efforts.
- Complete Project Express workshop series to CalSTRS staff on project management processes and templates.