

**Mississippi Management and Reporting System
Steering Committee Minutes
April 30, 1997
Sillers Building - 9th Floor Conference Room**

A called meeting of the Mississippi Management and Reporting System (MMRS) Steering Committee was held at 2:00 p.m. in the 9th Floor Conference Room of the Department of Finance and Administration, Silers Building, Jackson, Mississippi, on Wednesday, April 30, 1997.

The following members were present:

Edward L. Ranck, Chairman and Executive Director, Department of Finance and Administration
J. K. Stringer, Vice-Chairman and Executive Director, State Personnel Board
David L. Litchlitter, Executive Director, Department of Information Technology Services

Also present were:

Cille Litchfield, MMRS Administrator
Cliff Davidson, MMRS Technical Director / SPAHRS Project Manager
Lynda Dutton, MMRS Functional Director
Michael McDonald, Software AG
Stan Mozeleski, Software AG
Pat Lorey, Software AG
Claude Johnson, ITS
James Steele, Office of the Attorney General
Melba Dixon, Office of the Attorney General / SPB

A quorum being present, the meeting of the Mississippi Management and Reporting System (MMRS) Steering Committee was called to order by Dr. Ranck. Dr. Ranck directed the Committee to agenda item 1 to approve the minutes from the April 21, 1997, MMRS Steering Committee meeting. On a motion by Mr. Litchlitter, seconded by Mr. Stringer, the minutes were approved as presented.

Dr. Ranck presented agenda item 2: Software AG - Contractual Issues Presentation - SPAHRS Project.

- Ms. Litchfield introduced both the Software AG (SAG) and the State staff present.
- Mr. McDonald gave a brief history of SAG's involvement with SPAHRS.
- Mr. Mozeleski thanked the Committee for approving Change Order Requests (COR) 1 for additional Selection functionality and COR 2 for four Selection reports.

-
- Mr. Mozeleski stated a memo was delivered to Ms. Litchfield on April 7, 1997, identifying seven potential change orders:
 - ▶ COR for payroll catchup, previously submitted and denied by the State, dropped from the list;
 - ▶ Hours adjusted on the remaining CORs based on additional information discovered in the contract documents;
 - ▶ COR 1 referenced above added to list April 12, 1997;
 - ▶ Stated material supporting CORs goes back to before his tenure with SPAHRS began.

 - Mr. Mozeleski stated that a June 10, 1996, memo from SAG to the State referenced that any work above a stated number of hours per module in the segments purchased by the State from Deloitte & Touche, would be addressed as CORs:
 - ▶ Stated CORs now identified as COR 4 and COR 5 originally submitted to the State in November 1996 (by Gary Timmerman) and denied by Ms. Litchfield in a letter dated November 21, 1996 due to cost, non-COR issues, format, and lack of approved

- ▶ Total audited hours for Danny Ackerson for overtime were 600; acknowledged SAG not perfect; estimated by SAG folks that 25% of the problems were SAG's, not the State's, so to be on safe side, total hours were basically halved;
- ▶ Dr. Ranck questioned whether the 25% was a guess or could be confirmed; Mr. Mozeleski stated he could not personally confirm the percentage of time but logs existed for every file load activity, rejects, etc., and that SAG provided far more support than could be reasonably expected;
- ▶ Dr. Ranck questioned whether contract specified to get the job done or only do a certain job for the price;
- ▶ Mr. Litchliter questioned whether contract only required that conversion programs be developed and tested;
- ▶ Mr. McDonald responded that SAG agreed to assist in data clean up and scrubbing, which was outside the scope of the contract; contract only included building load programs; also stated that this activity would be difficult to estimate up front;
- ▶ Mr. Davidson expressed that State questioned what was included in conversion for a price of approximately \$400,000;
- ▶ Dr. Ranck questioned where work was done; SAG responded at MMRS and 301 Building; Dr. Ranck then asked why SAG did not get verbal approval from Ms. Litchfield; Ms. Lorey stated that formal written agreement is required; Dr. Ranck then asked if Ms. Litchfield had agreed or disagreed that this work take place; Mr. Mozeleski stated neither but that the State was aware of activity taking place;
- ▶ Mr. Litchliter attempted to determine difference in data conversion and scrubbing and asked if all that were not part of same effort; Mr. McDonald stated SAG agreed to build load programs, not programs to unload data from old systems; Mr. Litchliter further stated he was still confused and that he had never seen a conversion of this magnitude that did not have exceptional file load problems;
- ▶ Mr. Mozeleski stated that SAG trying to get job done to meet schedule; Ms. Lorey stated SAG assumptions included clean data for loading; Dr. Ranck stated this did not support doing work without the State's approval; Ms. Lorey and Mr. McDonald said to have not done this work would have delayed the project; Ms. Lorey stated verbal approval not allowed in the contract and that in a perfect world SAG would have requested change order; Dr. Ranck stated that verbal approval was better than no approval at all;
- ▶ Ms. Litchfield stated conversion work is not yet complete; Mr. Mozeleski stated conversion work is actually in 9 parts of the work plan and that most overtime work on conversion has occurred since Christmas.

- Mr. Mozeleski presented COR 7 concerning security and approvals subsystem:

- ▶ Mr. Mozeleski stated SAG inherited this function from Deloitte & Touche and that it did not satisfy business requirements of the State;
- ▶ Stated code had to be retrofitted into all existing modules as well as newly developed code;
- ▶ Stated this is not a task defined in work plan and that only one reference in the RFS but did work because approval process was required; Mr. Mozeleski further stated

SAG did this as a new piece of work for 184 hours and that front end estimate was not possible;

- ▶ Dr. Ranck asked the amount of the contract change order rate; Ms. Litchfield responded \$132.56 per hour;
 - ▶ Mr. McDonald stated that approval subsystem not dreamed up; done in response to JAD session issues identified by the State and asked Ms. Dutton to agree with that point; Ms. Dutton stated that JAD leader asked for approval points to be identified for transactions under discussion and the issues were defined at that time;
 - ▶ Mr. Stringer asked whether there would be another change order for approvals for payroll; Mr. Mozeleski replied that work done will apply to human resources and payroll; Mr. Mozeleski also stated that State staff were trained in this system and using it.
- Mr. Mozeleski presented COR 3 - Selection corrections:
 - ▶ Mr. Mozeleski stated that bottom line was this code was inherited from D&T as a working product and that SAG had expended a tremendous amount of time on a segment that was supposed to be finished; Mr. Mozeleski stated that State SPAHRS staff indicated Selection had worked but no longer did, thus this work was required;
 - ▶ Mr. Mozeleski stated SAG put together as task team to get this done with exception of work approved in COR 1 and COR 2 last week;
 - ▶ Mr. Mozeleski stated this work has cost in completing other deliverables and meeting overall schedule and stated this work done in conjunction with the State;
 - ▶ Mr. McDonald stated estimate in proposal was based on assumption that work was done and that in retrospect, SAG should have discarded old code like in another segment and started over;
 - ▶ Dr. Ranck asked whether the State was officially informed of this in a memo; Mr. McDonald responded that work plan reflected this effort but that the State did not receive a specific estimate for this work and due to nature of work, it would have been difficult to estimate.
- Dr. Ranck asked the total value of the CORs presented and Mr. Mozeleski responded \$259,088.
 - Mr. Litchlitter asked SAG's understanding of what they contracted to do and what was covered by the change orders. Mr. McDonald responded SAG agreed to do fixed price for all new work and then a set number of hours for the segments for the system testing of the work purchased by the State from Deloitte & Touche, with all other hours spent on these segments handled through change orders.
 - Dr. Ranck stated that SAG bid a job where they (SAG) underestimated the entire job:
 - ▶ Ms. Lorey responded that if SAG loses money, they lose money in the contract and if they make money, they make money; Dr. Ranck responded that if SAG makes money on a fixed price deal, they make money and if they lose money, they just have to make it up;

-
- ▶ Ms. Lorey stated that all parties aware work was being done, all agreed SAG had done over and above what contract stated, all know SAG did not go through the appropriate change order process, and now SAG is asking for an equitable adjustment for the work done;
 - ▶ Dr. Ranck stated there is no informal change order process;
 - ▶ Ms. Lorey stated there were frequent and open discussions on work being done, that all parties were in agreement this was reasonable and that everything done was done in best interest of the State.
- Ms. Litchfield disagreed that all parties had agreed that the work done had added value and had been done in the State's interest. Ms. Litchfield also noted that the November 21, 1996, letter had more specifically addressed SAG's failure to produce a work plan and that all of these problems had been discussed with Tom Gorley by Ms. Litchfield and Mr. Davidson on November 20 via telephone, and with Dennis Phoebus and Doug Benson when they arrived in Jackson to produce the work plan. Ms. Lowry and Mr. Mozeleski stated they would not know about that because it was from before they started with SAG. Mr. McDonald stated the CORs were reasonable and that the only one he thought the State could question was the data scrubbing issue (COR 6).
 - Mr. Litchlitter stated he could understand SAG's side of the argument and Ms. Litchfield's side of the argument. Mr. Litchlitter also stated had SAG had their act together early on, there would not have been as much pressure to submit CORs at this point. Mr. Litchlitter stated one reason for the formal COR process is to allow the MMRS Steering Committee the opportunity to make appropriate spending decisions as well as it gives MMRS and the State the opportunity to look at the proposed work before done and determine if it is worth the estimated cost. Mr. McDonald responded that SAG was not making any threats.
 - Mr. Litchlitter further stated that this contract does not need to come to this point again and that Ms. Litchfield is charged by the MMRS Steering Committee to not let any project activities get out of hand. He also stated that the MMRS Steering Committee members are reasonable people and will give a reasonable response to any request; however, this presentation leaves the only decision being whether or not to pay SAG for work already done.
 - Mr. Litchlitter further stated there will be opportunities in the future for significant activities, such as performance tuning, except now we have to make a decision as to whether or not we get approximately \$250,000 value from this completed work.
 - Mr. Stringer asked which modules purchased from Deloitte and Touche were still open and Ms. Litchfield replied Selection, Calculate Pay, and Report Time. Mr. Mozeleski stated that the from scratch modules for Wage, Salary, and Fringe, as well as three payroll modules, also remain to be finished.

-
- Mr. Mozeleski stated he should take any heat since he brought in the extra resources to get the schedule caught up and no work was done that was not necessary. He also stated the State knew the work was going on but did not stop SAG. He further stated that HR was close to completion and all work had been above board and in conjunction with the State and hoped the State would appreciate the product they are given.
 - Dr. Ranck stated that the State now must review what has been presented by SAG and determine what value we have received from the work done. Dr. Ranck further stated that the Committee has a lot of respect for the MMRS staff responsible for SPAHRS and will rely heavily on their input in making the final decision.
 - Dr. Ranck stated that he does not want this type conversation to occur again with SAG and thanked them for their presentation.
 - Mr. Litchlitter stated that the State may say no to some requests and let the State people do the work.
 - Mr. Mozeleski thanked the Steering Committee for their time.
 - Mr. Stringer stated his appreciation for the way the matter was presented.

At this time, the SAG representatives left the meeting.

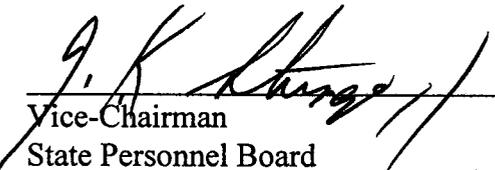
The Committee discussed the MMRS staff's concerns with the SAG presentation and options for addressing the response to SAG. Ms. Litchfield was instructed to prepare a proposal to be presented to the Committee when Dr. Ranck returns the week of May 12, 1997. Mr. Steele will advise Ms. Litchfield in the preparation of any contract amendments.

Mr. Davidson presented the SAG response to his request for definition of the "executables" in the conversion, training, documentation, and implementation plans. The letter addressed to Ms. Litchfield from Ms. Lowry dated April 25, 1997, states that MMRS is unreasonable in their request for further definition of SAG's role in the planning documents. The Committee concurred that the State should proceed with the official review of the documents and include this issue in the document review.

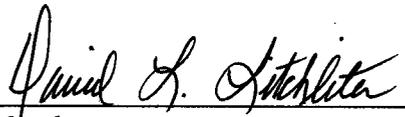
There being no further business to come before the Committee, Dr. Ranck moved to adjourn, and, there being no objection, the Committee adjourned.



Chairman, MMRS Steering Committee
Department of Finance and Administration



Vice-Chairman
State Personnel Board



Member
Department of Information Technology Services