GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE INSPECTOR GENERAL

AUDIT OF THE
COMPREHENSIVE AUTOMATED PERSONNEL
AND PAYROLL SYSTEM
MIGRATION PROCESS

CHARLES C. MADDOX, ESQ.
Inspector General

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

February 15, 2002

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Dear Dr. Gandhi, Ms. Peck, and Ms. Carolan:

Enclosed is our final report summarizing the results of the Office of the Inspector General (OIG) audit of the Comprehensive Automated Personnel and Payroll System (CAPPS) Migration Process. The report was issued in draft as Management Alert Report (MAR 02-A-01); agency comments to the MAR are incorporated in this final report.

Our audit disclosed two significant weaknesses that could hinder the successful completion of the project: (1) inadequate project accountability, and (2) insufficient agency participation. These weaknesses have resulted in the District's inability to assign accountability for the completion of specific tasks, incomplete data validation, and inaccurate personnel and payroll data in the CAPPS database.

We directed one recommendation to the Office of the Chief Financial Officer (OCFO), and the Office of Personnel (DCOP), and four recommendations to the Office of the Chief Technology Officer (OCTO) that we believe are necessary to correct the deficiencies noted in this report.

DCOP, in general, concurred with our Recommendation 1 to appoint a single project manager over the CAPPS migration process. The OCFO neither concurred nor non-concurred with the

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recommendation. OCFO stated, "[to] the degree and extent reasonably feasible, the OCFO will explore methods to adopt this recommendation." OCTO did not provide any responses to Recommendation 1. However, as a result of the ongoing efforts to accomplish the remigration from CAPPS back to the Unified Personnel and Payroll System (UPPS), implementation of this recommendation at this stage of the project may not be feasible or effective because (1) of the time required for OCFO, DCOP, and OCTO to coordinate and select a single project manager and (2) the length of time remaining to complete the migration project. The OIG would like to emphasize, for future information technology projects, that agencies need to appoint project managers who have the authority to control the entire project from inception to completion.

OCTO neither concurred nor non-concurred with Recommendations 2 and 3. However, the corrective actions taken by OCTO were responsive to Recommendations 2 and 3. OCTO disagreed with Recommendation 4.

The OIG requests OCTO reconsider its position on Recommendation 4 and provide additional comments to Recommendation 4 within ten days of its receipt of this final report.

We appreciate the cooperation and courtesies extended to our staff during the audit. If you have any questions, please fell free to call me at (202) 727-2540, or William J. DiVello, Assistant Inspector General for Audits, at (202) 727-2540.

Sincerely,
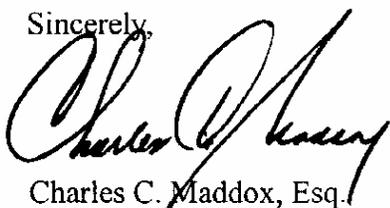
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CM/gs

Enclosure

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AUDIT OF CAPPS MIGRATION PROCESS

TABLE OF CONTENTS

EXECUTIVE DIGEST

OVERVIEW

This audit report summarizes the Office of the Inspector General's (OIG) audit of the District's migration from the Comprehensive Automated Personnel and Payroll System (CAPPS) to the Unified Personnel and Payroll System (UPPS). This audit was conducted to determine whether the District implemented adequate internal controls over the conversion project and utilized a structured project management methodology.

CONCLUSION

Our audit revealed that:

- the District did not have a single project manager over the CAPPS to UPPS conversion process with the authority and responsibility to coordinate and plan the entire project; and

- the affected agencies (the owners of the data) were not adequately participating in validating the data in CAPPS that would be migrated to UPPS.

The CAPPS to UPPS migration project, as a result of inadequate project management, experienced problems in: (1) the allocation of task responsibilities, (2) management of budgeted time and resources, and (3) the review and approval of milestones and checkpoints.

Additionally, inadequate participation by District agencies in the validation of data contributed to serious internal control weakness in the separation of responsibilities between the CAPPS Project Management Office and owners of the CAPPS/UPPS data. As a result of inadequate agency participation, the CAPPS database could contain incomplete and inaccurate personnel and payroll data.

CORRECTIVE ACTIONS

We directed one recommendation to the Office of the Chief Financial Officer and the Office of Personnel, and four recommendations to the Office of the Chief Technology Officer that we believe are necessary to correct the deficiencies noted in this report. The recommendations, in part, center on:

1. Appointing a single project manager over the CAPPS/UPPS migration process;
2. Establishing a general project management framework (District-wide) over systems development, modification, and implementation projects;

EXECUTIVE DIGEST

3. Implementing adequate controls to ensure that for each information technology project, a project master plan is developed to maintain control over the project through completion; and

4. Designating ownership for application data to a particular agency or control group for maintenance, modification, and implementation projects.

MANAGEMENT COMMENTS

DCOP generally concurred with Recommendation 1 to appoint a single project manager over the CAPPS/UPPS migration process. OCFO neither concurred nor non-concurred with our recommendation to appoint a single project manager over the CAPPS/UPPS migration process. OCFO stated, "[to] the degree and extent reasonably feasible, the OCFO will explore methods to adopt this recommendation." OCTO did not provide any responses to Recommendation 1.

OCTO neither concurred nor non-concurred with Recommendations 2 and 3. However, in response to Recommendation 2, OCTO stated that it has established a Management Services Division initiative that enhances District-wide and individual agency oversight of IT projects by the assignment of an experienced program manager. In response to Recommendation 3, OCTO stated that it has implemented: 1) a centralized Project Management Office (PMO) whose responsibility is to assist the District in managing its IT projects, and 2) an automated Project Office Executive Tracking System (POETS) that will be used to view the entire District's IT projects portfolio.

OCTO disagreed with Recommendation 4. OCTO stated that it is the agencies' responsibility to control the capture and use of their data.

OIG RESPONSE

The OIG does not believe the responses from DCOP and OCFO meet the intent of Recommendation 1 to correct the deficiencies noted in this finding. OCTO did not respond to Recommendation 1. However, as a result of the ongoing efforts to accomplish the remigration of CAPPS back to UPPS, implementation of this recommendation at this stage of the project may not be feasible or effective. The OIG would like to emphasize, for future information technology projects, that agencies need to appoint project managers who have the authority to control the entire project from inception to completion.

OCTO's corrective action of implementing a centralized PMO to assist the District in managing its IT projects and the planned corrective action of implementing the Project Office Executive Tracking System to provide single management tracking is adequate and responsive to Recommendations 2 and 3. The corrective action taken by OCTO to address Recommendations 2 and 3 should provide the District with adequate oversight over future IT projects.

EXECUTIVE DIGEST

OCTO's response does not meet the intent of Recommendation 4. The OIG agrees with OCTO that data ownership belongs to the agencies and that the agencies should retain this responsibility. However, the OIG believes that OCTO should establish policies and procedures that implement controls over all maintenance, modification, and implementation projects which occur on applications and data maintained at OCTO controlled data centers. The OIG requests that OCTO reconsider its position on this recommendation and provide comments within ten days of its receipt of this report.

INTRODUCTION

BACKGROUND

After a long development process, CAPPS became operational in April 1998 at an estimated cost of at least $26 million.[1] Between April 1998 and December 1999, 36 of the District's 62 agencies were converted from UPPS to CAPPS. However, early in FY 2000, the Office of the Chief Financial Officer (OCFO) suspended the migration process. The District has since operated with both personnel/payroll systems (CAPPS and UPPS). At the time of the suspension, 41 agency payrolls were processed by CAPPS and 25 agency payrolls were processed by UPPS.

In August 2000, the Chief Financial Officer halted further development of CAPPS and the migration of District agencies to CAPPS because of the enormous amount of money the District had expended in developing CAPPS and to prevent further damage to employee payroll information. With the exception of the D.C. Public Schools (DCPS), the District planned to migrate all agencies back to UPPS, the original legacy system. DCPS is implementing its own personnel and payroll system.

The original completion date for the CAPPS to UPPS migration was scheduled for December 1, 2001; however, the completion date was revised several times. Because of the decision to migrate agency personnel/payroll data back to UPPS, the District will have to maintain both CAPPS and UPPS. Even with the eventual complete migration of agency data back to the UPPS, CAPPS will remain an open system until DCPS implements its new personnel/payroll system. Additionally, the District of Columbia Office of Personnel (DCOP) is in the preliminary planning stages to acquire and implement a new District Human Resources Management System (HRMS) to replace UPPS. The funds for the HRMS are part of the capital budget (Project No. BE05). DCOP set aside $2 million in fiscal year 2001 for planning purposes. The projected budget for HRMS is $4 million for fiscal years 2001 and 2002, and $5 million for fiscal years 2003 and 2004.

OBJECTIVES, SCOPE AND METHODOLOGY

Our original audit objectives were to determine whether: (1) employee data is accurately and completely converted from CAPPS to UPPS; (2) controls are maintained over the migration process to prevent inaccurate or unauthorized changes to data; and (3) accurate and complete results are achieved. However, after completion of our survey, we added objective (4) to determine if procedures and/or processes were in place to provide management with an accurate breakdown of costs associated with the migration process. However, we did not address objectives 3 and 4 in this audit because of time and resource constraints.

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[1] Estimated cost only includes contractual services and does not include costs associated with computer operations, labor cost of District employees, supplies and material, and computer upgrades and/or modifications.

INTRODUCTION

Our audit focused on the migration of personnel/payroll data from CAPPS to UPPS and the migration project management planning. To accomplish our objectives, we reviewed documentation, interviewed individuals at OCFO, Office of the Chief Technology Officer (OCTO), Office of Pay and Retirement Services (OPRS), and DCOP.

Our audit was conducted in accordance with generally accepted auditing standards and included such test as considered necessary under the circumstances.

PRIOR AUDIT COVERAGE

Prior to 1999, there had been limited audit coverage of the CAPPS development process. However, GAO issued an audit report (GAO/AIMD-00-19) in December 1999 that covered the planning and management of CAPPS, and the OIG issued an audit report (OIG-21-99AT) in April 2000 that covered the migration process of personnel/payrolls from UPPS to CAPPS. Both of these reports commented on the inadequacy of the District's planning process before and during the development and migration phases of CAPPS. Detailed discussion of the recommendations and actions planned or taken by management are discussed in Finding 1.

PERSPECTIVE

Although this audit report is the result of a review of the CAPPS/UPPS personnel/payroll systems migration process, we believe that most of the problems observed during our audit could have been minimized or avoided if the District had District-wide policies and procedures that required the development of project plans that cover acquisition, development, and modification of the District's major applications before any developmental or modification work begins.

Although this weakness has been reported before, the District continually attempts to acquire, develop, and modify critical Information Technology (IT) systems without requiring the development and approval of a project management plan prior to the acquisition, development, modification, or maintenance of major applications. This practice has cost the District millions of dollars in direct and indirect costs and has resulted in expensive, partially developed systems that do not meet the District's needs. Eventually these systems will have to be replaced at additional cost, as evidenced by the District's migration from CAPPS to the legacy system UPPS.

The migration of CAPPS/UPPS personnel/payroll data is one phase of a complete information system development, acquisition, or modification life cycle that is based on generally accepted IT policies. The project management of the CAPPS migration project depends on the system's type, size, complexity, number of user departments, risks, and exposures. The District has not developed requirements for project planning prior to undertaking major developmental or modification projects of its IT systems. The lack of requirements for project planning has resulted in some of the District's critical applications (CAPPS, FMS, and PRISM) being discontinued, replaced or rendered ineffective and unable to adequately meet the District's needs. For example, the Office of Contract and Procurement (OCP) spent at least

INTRODUCTION

$14.4 million on the development of procurement systems that were never completed or deployed. One of the major causes for these procurement systems not being completed or deployed was the lack of developed standardization for systems development projects. (*See* OIG Report OIG-20-99PO).

Although the District has responded positively to prior audit recommendations by stating that action would be taken to develop requirements for project planning prior to undertaking major developmental or modification projects, the District continues with its system development and modification projects without adequate project management planning and system development/installation guidelines and requirements.

The absence of adequate project planning and system development/installation guidelines and requirements will result in the continued spending of millions of dollars for systems that will ultimately be discontinued, replaced or operational yet ineffective in meeting the District's needs.

FINDINGS AND RECOMMENDATIONS

FINDING 1: PROJECT ACCOUNTABILITY

SYNOPSIS

The District did not have a single project manager over the CAPPS to UPPS migration process with the authority and responsibility to coordinate and plan the project through completion. The lack of a designated project manager occurred because of the District's organizational structure and failure to establish a general project management framework that requires the assignment of a single project manager and defines the scope and boundaries of managing IT and IT-related projects, as well as the project management methodology to be adopted and applied to each IT or IT-related project undertaken.

The absence of an adequate project management framework and system development/ installation guidelines and requirements will result in the same system implementation and development failures that have cost the District millions of dollars. As a result, these systems have been discontinued, replaced, or are operational yet ineffective in meeting the District's IT needs.

AUDIT RESULTS

Project Management - OCFO has a project manager and a project plan for the CAPPS Migration project and DCOP has a project manager and project plan for the data validation.[2] OCFO is responsible for migrating data from CAPPS to UPPS and DCOP is responsible for data validation of limited fields within the CAPPS database. However, neither the OCFO project manager nor the DCOP project manager has the complete authority to manage the entire project. This divided project management structure has resulted in a breakdown in the allocation of task responsibilities, management of budgeted time and resources, and the review and approval of milestones and checkpoints.

The District's Chief Financial Officer (CFO) stated in an August 22, 2000, memorandum to District government employees that "the CAPPS project is now led by a certified project management officer, supported by technology specialists, who will ensure the District government continues to meet its payroll while all employee account data is reviewed for accuracy." The certified project manager that was originally appointed by the CFO did not have authority over DCOP and their data validation project; did not have authority to ensure agency participation or coordination in the validation of "all" CAPPS/UPPS data prior to the migration; and left during the project and has not been replaced.

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[2] Data validation is a mechanism used to identify and correct inaccurate and incomplete data prior to its migration to a new system.

FINDINGS AND RECOMMENDATIONS

The technical support of CAPPS and the migration project resides with OCFO. Data validation is one component of a complete migration project. As such, the CAPPS Project Management Office (PMO) should be responsible for coordinating agency involvement to ensure the accuracy of data prior to its actual migration to UPPS. The CFO's appointed certified project manager's scope of authority or control extended only to the CAPPS PMO and OCFO's focus on data necessary to "pay District employees."

The CAPPS PMO was expected to complete the project by September 30, 2001, but the project was delayed because due to the lack of reliable data and problems encountered while developing the conversion programs. The CAPPS PMO informed us that under the new plan, the migration would be completed in four phases.[3] All four phases were to be completed prior to the December 11, 2001, payroll. CAPPS PMO personnel informed us that they did not believe the milestone date would be met because of the same problems encountered earlier. As of January 29, 2002, the CAPPS PMO had not completed the CAPPS to UPPS conversion.

The Project Management Body of Knowledge (PMBOK) recognizes that there are different project organization structures, however, they all report to a single manager.[4] Ideally, the entire migration project, including the data validation, should have been under the purview of one project manager or leader. This structure would allow functional managers to manage their respective projects or tasks but require accountability to one leader or project manager. This project manager must also have the authority to complete the entire project.

Generally, the District has not developed requirements for project planning prior to undertaking major developmental or modification projects of its IT systems. The lack of planning by District officials has resulted in some of the District's critical applications (CAPPS, FMS, and PRISM) being discontinued or replaced because they were unable to adequately meet the District's needs. For example, the Office of Contract and Procurement (OCP) spent at least $14.4 million on the development of procurement systems that were never fully completed or deployed. One of the major causes for the procurement systems not being fully completed or deployed was the lack of standards for systems development projects. *See* OIG Report, OIG-20-99PO, dated July 27, 2000, entitled "Audit of Procurement Activities Office of Contracting and Procurement," at www.dcig.org.

Prior Reviews - GAO issued an audit report (GAO/AIMD-00-19, dated December 1999, entitled "The District Has Not Adequately Planned For and Managed Its New Personnel and Payroll System") that covered the planning and management of CAPPS. The OIG issued an audit report (OIG-21-99AT, dated April 17, 2000, entitled "Audit of the Comprehensive Automated Personnel Payroll System") that covered the migration process of personnel/payroll data from UPPS to CAPPS. Both of these reports commented on the inadequacy of the District's planning process before and during the development and migration phases of CAPPS.

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[3] Phases consist of groups of agencies that were to be migrated at different time intervals before December 11, 2001.

[4] PMBOK is the reference material for generally accepted practices for project management.

FINDINGS AND RECOMMENDATIONS

Specifically, GAO stated in its December 1999 report that the District did not effectively plan for CAPPS, develop a project and risk management plan, or obtain agreement on detailed system requirements for CAPPS. As a result of the lack of these management processes, the District lacked the means to establish realistic time frames for CAPPS. Our April 2000 audit report stated, "inadequate project planning for the development of CAPPS, and the migration of payroll data from UPPS to CAPPS resulted in development and migration processes having to continue [past the completion date] . . . with no projected completion date and no estimate of additional costs involved."

In conjunction with project planning, GAO recommended in its December 1999 report that "OCFO develop and implement a life cycle support plan, assign responsibility for life cycle maintenance, and develop an estimate of maintenance and operation cost for CAPPS."

The CFO agreed with GAO in principle about the needed improvements in project management. The CFO stated in her response that the OCFO had begun implementing project management changes in response to many of these problems. The CFO stated that the improvements in project management planning included the hiring of a project manager experienced in systems implementation. The CFO stated that the project manager would have the responsibility for developing a project plan for implementing CAPPS throughout the District and maintaining CAPPS post implementation. Our review revealed that the District had established a CAPPS PMO. However, the CAPPS PMO did not have the authority to define the responsibilities and authorities of the project team members and user agencies.

In conjunction with project planning we, recommended in our April 2000 audit report that:

- OCFO continue the conversion process after an adequate conversion plan was developed;

- OCFO utilize generally accepted information technology guidelines in developing a payroll conversion plan; and

- OCTO develop District-wide guidelines for the system development process.

OCFO indicated in its response that an adequate project plan would be developed utilizing a generally accepted IT methodology; however, OCTO was not specific in its response to the recommendation. OCTO responded that "a strong Unified CAPPS program management office needs to be established with the authority, and responsibility mandate from the mayor and Financial Authority. . ." Additionally, OCTO indicated that the Unified CAPPS PMO should address the recommendations identified in our report and in previous GAO reports.

Our review revealed that the project plan for the CAPPS migration project was not adequate to manage the entire CAPPS migration project. Furthermore, OCTO has not established District-wide guidelines for systems development projects. As a result, we have identified the same problems with the CAPPS migration and project management as reported in previous reports.

FINDINGS AND RECOMMENDATIONS

RECOMMENDATION 1. We recommend that the Office of the Chief Financial Officer, in conjunction with the Office of Personnel and the Office of the Chief Technology Officer, appoint a single project manger over the CAPPS/UPPS migration process with the authority to define the responsibilities and authorities of the project team members and user agencies.

Agency Comments

DCOP, in general, concurred with our recommendation to in conjunction with OCFO and OCTO, to appoint a single project manager over the CAPPS/UPPS migration process. However, DCOP did not indicate what corrective actions would be taken to address the recommendation. DCOP comments focused on its efforts in involving District agencies. Further discussions of the adequacy of DCOP's outreach efforts, CAPPS data validation, and project coordination are detailed in the OIG's comments.

OCFO neither concurred nor non-concurred with our recommendation to appoint a single project manager over the CAPPS/UPPS migration process. OCFO stated, "[to] the degree and extent reasonably feasible, the OCFO will explore methods to adopt this recommendation." Additionally, OCFO commented on the District's organizational structure, and the CAPPS migration project management. Further discussion of OCFO comments is provided in the OIG comments.

OCTO did not provide any responses to Recommendation 1.

OIG Comments

The OIG does not believe the responses from DCOP and OCFO meet the intent of Recommendation 1 to correct the deficiencies noted in this finding. OCTO did not respond to Recommendation 1. The OIG believes the findings identified in this and prior GAO and OIG reports could have been avoided if the District had adopted the recommendations contained in these reports. At the time of this recommendation, a single project manager would have been instrumental in coordinating tasks and resources between the agencies and project teams. As of January 29, 2002, the CAPPS PMO had not completed the CAPPS remigration of personnel/ payroll data back to UPPS, as scheduled. However, the feasibility and effectiveness of implementing this recommendation has passed. For future IT projects, the OIG would like to emphasize the necessity of appointing project managers who have the authority to control the entire project from inception to completion.

Further discussion on the details of the agency's responses follows:

DCOP – The OIG recognizes DCOP's outreach to twenty-seven (27) agencies under the authority of the Mayor and the unique organizational structure of the District. However, the OIG believes ALL agencies that utilize CAPPS, should have their data validated prior to migration to another system to ensure its accuracy. The tasks and responsibilities for the complete validation of agency data should have been included in the master migration plan, irrespective of the

FINDINGS AND RECOMMENDATIONS

District's agency organizational structure. The 27 agencies DCOP solicited corrections from do not represent all agencies utilizing CAPPS for personnel and payroll. CAPPS also is used for personnel and payroll by 14 other agencies which are not under the authority of the Mayor. Therefore, DCOP's validating only 27 agencies under the authority of the Mayor does not represent a complete validation of agency data.

During our review, the DCOP Business Process Reengineering manager informed us that as of September 30, 2001, only 6 of 41 agencies had submitted agency-corrected spreadsheets. The DCOP Business Process Reengineer manager also informed us that in lieu of the agency-corrected spreadsheets, DCOP would be moving forward with transferring the agency data to an X2 transaction file.[5] We observed that several of the agency-corrected spreadsheets contained numerous errors. Transferring data to the X2 transaction file prior to receiving input from the agency creates a likelihood that inaccurate data will be introduced into the X2 transaction file subsequently designed to be loaded into CAPPS.

Furthermore, DCOP and OCFO only validated selected data fields within CAPPS. This partial validation does not represent a complete validation of all the data elements within CAPPS. Fourteen agencies have not been formally validated and of the agencies that were validated, all the data elements were not reviewed for accuracy. According to a structured system development life cycle (SDLC), in order to ensure the accuracy of data, a complete validation of data elements within CAPPS should have been accomplished prior to migrating to UPPS. A structured approach reduces the risk of inaccurate data being migrated to the new system and reduces the cost associated with correcting problems resulting from an initial failure to follow a structured approach.

CAPPS PMO representatives informed us that the X2 transaction file might not be transferred into CAPPS. The CAPPS PMO had begun its migration of data into UPPS before DCOP had completed its validation. However, the CAPPS PMO Director informed us that attempts would be made to salvage and incorporate the DCOP data validation efforts, after the fact.

These are examples of incomplete data validation and a breakdown in: (1) the allocation of task responsibilities; (2) management of budgeted time and resources; and (3) the review and approval of milestones and checkpoints which result from the division of responsibility between the CAPPS PMO and DCOP.

OCFO – The OIG believes one of the problems surrounding validating data is the differing perspectives of OCFO and DCOP, and the organizational structure of the agencies and project teams. The Deputy CFO for Financial Operations and System informed us that OCFO is concerned with paying District employees, not personnel data, and the DCOP Business Process Reengineering Director informed us that DCOP is concerned with personnel data. The Director of the CAPPS PMO requested the assistance of the OIG in resolving the problems of project

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[5] File structure necessary to transfer data from CAPPS to UPPS.

FINDINGS AND RECOMMENDATIONS

coordination and task assignment between the CAPPS PMO and DCOP. Clearly, designating and assigning ownership for application data to a particular agency or control group to allow them to effectively control maintenance, modification, and implementation projects would prevent the disconnect between the agencies and project teams when assigning responsibility for application data.

The approach utilized by DCOP and OCFO allowed OCFO to expedite the migration. However, the underlying problem of migrating known inaccurate data remains. This fact is evidenced by OCFO's response which states, "[c]learly, all data to be converted is not reliable; that is the reason that DCOP is working to validate employee data."

While payroll and personnel data can be validated separately. The more efficient and least costly approach would have been to validate both personnel and payroll data prior to its migration to UPPS. Personnel and payroll data are both contained within CAPPS and both data are being migrated to UPPS.

The limited and incomplete validation will require the District to perform a more detailed validation after migration if all the data is to be reviewed for accuracy. The post migration validation is a duplication of effort and will require additional expenses and resources.

The division of responsibility between the CAPPS PMO and DCOP has resulted in incomplete data validation, and inadequate management of time and resources. This is evidenced by: 1) the lack of coordination between DCOP and OCFO for the completion of the validation and beginning of the migration; 2) confusion between the OCFO and DCOP as to whether the X2 transaction file would be used in the initial migration or post migration; 3) the lack of a master plan for the entire migration project, to include the tasks and responsibilities assigned to DCOP and the OCFO; and 4) confusion on identifying and assuming responsibility for the data contained within CAPPS.

RECOMMENDATION 2. We recommend that the Office of the Chief Technology Officer establish a general project management framework over systems development, modification, and implementation projects that requires the assignment of a single project manager and defines the scope and boundaries of managing projects, as well as the project management methodology to be adopted and applied to each systems project undertaken.

Agency Comments

OCTO neither concurred nor non-concurred with our recommendation. However, OCTO stated that it has established a Management Services Division (MSD) initiative that enhances District-wide and individual agency oversight of IT projects by the assignment of an experienced program manager. The oversight process provides a series of planning, execution, and review checkpoints and milestones to ensure that the IT projects are conducted in a disciplined and well-managed fashion.

FINDINGS AND RECOMMENDATIONS

OIG Comments

The corrective action taken by OCTO is responsive to the recommendation and should assist in providing adequate oversight over future District IT projects. During future reviews of District IT projects, we will include audit steps to determine the effectiveness of OCTO oversight of these projects. However, during the course of our review, OCTO had not assigned a project manager to assist the CAPPS PMO in planning or managing the migration project.

RECOMMENDATION 3. We recommend that the Office of the Chief Technology Officer ensure that, for each information technology project, a project master plan is created which is adequate for maintaining control over the entire project throughout its life and includes a method for monitoring the time and costs incurred throughout the life of the project.

Agency Comments

OCTO neither concurred nor non-concurred with our recommendation. OCTO stated that it has implemented: 1) a centralized Project Management Office (PMO) whose responsibility is to assist the District in managing its IT projects, and 2) an automated Project Office Executive Tracking System (POETS) that will be used to view the entire District's IT projects portfolio in a single management tracking and reporting system. POETS should be fully implemented by January 2002.

OIG Comments

OCTO's corrective action of implementing a centralized PMO to assist the District in managing its IT projects is adequate, and the planned corrective action of implementing POETS to provide single management tracking and reporting system for District-wide IT projects should further assist in satisfying out recommendation. We will conduct a follow-up review to determine the progress of the OCTO initiatives.

FINDINGS AND RECOMMENDATIONS

FINDING 2: AGENCY PARTICIPATION

SYNOPSIS

We determined that the affected agencies (the owners of the data) were not adequately participating in validating the data in CAPPS that was to be remigrated back to UPPS. User participation is critical to the success of a migration project. Without adequate user participation, data that is migrated from CAPPS to UPPS could contain incomplete and inaccurate personnel and payroll data. Inadequate user participation has occurred because of the District's unique organizational structure and because the District has not formally assigned or created a structure appointing owners of the data and their corresponding responsibilities.

AUDIT RESULTS

Currently, OCFO is responsible for migrating data from CAPPS back to UPPS and DCOP is responsible for the validation of a limited number of data fields within the CAPPS database. Independent agencies have their own personnel offices and are responsible for their own personnel data. Neither OCFO nor DCOP has the authority to assure that all data elements are validated because they cannot require independent agencies to participate in the migration project and they are not validating all data elements of an employee's record for the agencies for which they have oversight authority. These circumstances have contributed to serious internal control weakness in the separation of responsibilities between the CAPPS PMO and owners of the CAPPS/UPPS data.

In the OIG's audit report (OIG-21-99AT, dated April 17, 2000, entitled "Audit of the Comprehensive Automated Personnel Payroll System"). The OIG reported that:

> the responsibility for oversight of IT-related activities [is] split between the OCTO, OCFO, and some independent agencies. This type of organizational structure makes it difficult, if not impossible, to establish accountability and standardization. Serious consideration should be given to the centralization of the oversight for all District IT-related activities.

We did not make any recommendations in conjunction with this observation. However, in OCFO's response, the CFO stated "the OCFO's experience in implementing SOAR and CAPPS has been the opposite-that the greater the distance between project office and ultimate system "owner", the greater the risk of technical requirements slipping through the cracks and problems arising during implementation." Despite OCFO's recognition of the importance of system "owners" during implementation, we did not find adequate coordination among OCFO, OCTO, or the DCOP in involving the agencies in data validation. In our opinion, the District's inattention to this observation has contributed to the repeated conditions reported in this finding.

FINDINGS AND RECOMMENDATIONS

A review of the CAPPS PMO's migration plan and the DCOP project plan for validating the CAPPS data revealed that the user agencies were not included in any tasks involving the validation of CAPPS data. However, DCOP informed us that as an optional process, DCOP would provide the 41 agencies being converted to UPPS with spreadsheets for their review and correction.[6] As of September 30, 2001, DCOP had only received 6 of 41 agency-corrected spreadsheets. Additionally, OCFO informed us that they are only responsible for ensuring that District employees are paid and are only concerned with the data elements that affect pay. As a result of inadequate agency support, the CAPPS database could contain incomplete and inaccurate personnel and payroll data.

We were also told by OCFO and DCOP that the CAPPS PMO is making programmatic changes as well as changes to the data instead of having the agencies correct the data. These circumstances contributed to a serious internal control weakness in the separation of responsibilities between the CAPPS PMO and owners of the CAPPS/UPPS data. The CAPPS PMO is the technical department of the OCFO, is responsible for the maintenance and operations of CAPPS, and should under no circumstances be given access to anything other than test data. The responsibility for data validation should rest primarily with the agencies. The CAPPS PMO should only provide automated verification programs in support of the agencies.

A structured systems development and modification framework requires users to participate in the development and modification of a system. Proper segregation of duties would allow the CAPPS PMO to make changes to CAPPS in a test environment at the OCTO Data Center 2 (ODC2), formerly the SHARE data center.[7] However, the users and ODC2 would review and approve any changes made to the application prior to the application being moved to the production region. Production job runs should also be controlled at ODC2.

The CAPPS technical manager informed us that the CAPPS PMO does not have the personnel to segregate duties as appropriate in a properly controlled environment. Further, the ODC2 Director also informed us that ODC2 does not have the personnel required for a properly controlled quality assurance function. A properly controlled environment would provide for the necessary separation of responsibility to adequately control modifications to applications while maintaining the integrity of production programs and data. The ODC2 Director informed us that software for change control is available for ODC2 users but the users are responsible for tracking changes to their applications. The ODC2 personnel should have the responsibility of tracking changes in order to minimize the likelihood of disruption and unauthorized alterations and errors. Additionally, ODC2 should ensure that all users adhere to formal procedures for systems development, modification, and installation projects.

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[6] The contractor performing data validation prepared spreadsheets that contained the results of reconciliations between CAPPS data with the employee's official personnel folder. The spreadsheets were provided to some agencies for data verification. Spreadsheets contained only data elements that were specified by DCOP.

[7] OCFO transferred its authority over the SHARE data center to OCTO.

FINDINGS AND RECOMMENDATIONS

Governance, Control and Audit for Information and Related Technology (COBIT) Planning and Organization § PO 10 states that the organization's project management framework should provide for participation by the affected user department [agency] management in the definition and authorization of a development, implementation, or modification project.[8]

The condition of fragmented responsibility resulted from OCFO, DCOP, and OCTO not establishing a single project manager over the project who can: (1) require independent agencies to participate in the project; (2) establish and maintain accountability of the project teams; and (3) monitor the progress of the project teams.

RECOMMENDATION 4. We recommend that the Office of the Chief Technology Officer formally designate and assign ownership for application data to a particular agency or control group to allow them to effectively control maintenance, modification, and implementation projects.

Agency Response

OCTO disagreed with our recommendation. OCTO stated that it is the agencies' responsibility to control the capture and use of their data. OCTO stated that it could assist the agencies in developing system maintenance and modification procedures and methods.

OIG Comments

OCTO's response does not meet the intent of our recommendation. The OIG agrees with OCTO that data ownership belongs to the agencies and that the agencies should retain this responsibility. However, the OIG believes that OCTO should establish policies and procedures that establish controls over all maintenance, modification, and implementation projects that occur on applications and data that are maintained at OCTO controlled data centers. These policies and procedures should be consistent with generally accepted IT guidelines for the maintenance, modification, and implementation projects. We request that OCTO reconsider its response to this recommendation and provide comments within 10 days of its receipt of this final report.

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[8] COBIT is a group of generally applicable and accepted standards for good practice for Information Technology controls.

Exhibit 1

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer
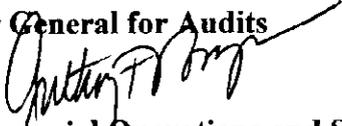
★ ★ ★

Anthony F. Pompa
Deputy Chief Financial Officer

Financial Operations
and Systems

MEMORANDUM

TO: William J. DiVello
              Assistant Inspector General for Audits

FROM: Anthony F. Pompa
              Deputy CFO for Financial Operations and Systems

DATE: November 29, 2001

SUBJECT: Formal Response to the Office of the Inspector General Management Report

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I have reviewed and approved the attached memorandum and I am submitting it to the Office of the Inspector General as the Office of the Chief Financial Officer formal response to the Office of the Inspector General Management Report (MAR 02-A-01).

Should you have any questions, please call me at (202) 442-8200.

cc: Maynard Gambrell
     Terry Costello

Memo

To: William J. DiVello
          Assistant Inspector General for Audits
          Office of the Inspector General

From: Terry Costello
          Office of the Chief Financial Officer

CC: Anthony Pompa
          Deputy Chief Financial Officer for Financial Operations and Systems

          Maynard Gambrell
          Chief Information Officer

Date: 11/28/01

Subj: Management Alert Report 02-A-01
          'CAPPS to UPPS Migration Project'

The Office of the Chief Financial Officer has received the Management Alert Report 02-A-01, dated October 19, 2001 from Charles Maddox, Inspector General of the District of Columbia. regarding the ongoing project to migrate District payroll systems from the Comprehensive Automated Personnel and Payroll System (CAPPS) to the Unified Personnel and Payroll System (UPPS). The Office of the Chief Financial Officer recognizes the value of this report as well as the findings and recommendations contained therein.

As of October 31, 2001, it is appears less likely that weaknesses identified by DCOIG will, in fact, hinder the successful completion of the project from the perspective of the OCFO because approximately one quarter of the conversion has been completed, with an additional one quarter due to be completed in the next few weeks. It is important to remember that efforts to migrate payroll records from CAPPS to UPPS, and, efforts to validate personnel and payroll data, while closely related, ought to be distinguished, as each can be achieved with some independence from the other. Further, it is important to note that separate instruments of the government (the OCFO's Office of the Chief Information Officer, as successor to the Enterprise Office, and the Mayor's Office of Personnel) respectively retain principle responsibility and accountability for each activity. This situation obtains and arises from conscious decisions to bifurcate governmental activities and responsibilities that are embodied

● Page 1

in Public Law 104-8 'District of Columbia Financial Responsibility and Management Assistance Act of 1995' (109 Stat. 97). Thus, the MAR correctly observes that there is not a single project manager over these efforts, but wrongly attributes the cause to the 'failure of the District to establish a general project management framework that requires a single project manager and defines the scope and boundaries of managing Information Technology (IT) and IT-related projects, as well as the project management methodology to be adopted and applied to each IT or IT-related project undertaken." To the contrary, the OCFO's Office of the Chief Information Officer, which has inherited many of the obligations and responsibilities from its predecessor, the Enterprise Office, rigorously applies industry standard project management methodologies to IT and IT-related projects under its purview.

At page 2 of 7, the DCOIG MAR notes that the OCFO, in an August 22, 2000, memorandum to District Government employees that "the CAPPS project is now led be a certified project management officer, supported by technology specialists, who will ensure the District government continues to meet its payroll while [all] employee account data is reviewed for accuracy." The MAR notes that the project manager "did not have authority over DCOP and their data validation project..."; the August 22, 2000 memorandum did not indicate that the project manager had this authority. The MAR goes on to note that the project manager "left during the Project and has not been replaced." To the contrary, the previous project manager has been replaced by an individual in the process of obtaining the same project management certification.

Perhaps in an ideal situation, the authority and responsibility of the CAPPS PMO would extend to coordinating agency involvement and executing employee data validation throughout the government, and its focus could extend beyond simple "data necessary to 'pay District employees.'" Short of that, the CAPPS PMO continues to work closely with DCOP to coordinate all aspects of the related activities.

At page 3 of 7, the DCOIG MAR notes that an unnamed CAPPS PMO team member informed the DCOIG that they (the team member) did not believe the December 11, 2001 milestone for concluding conversion could be met because of the lack of reliable data and problems encountered while developing the conversion program. It is important to remember that all team members do not have equal access to all critical project information, nor do they necessarily posses the same overall perspective of the progress of the project. Clearly, all data to be converted is not reliable; that is the reason that DCOP is working to validate employee data. Equally clearly, while the conversion program is not absolutely perfect for its purpose, it has been successfully used to convert approximately 1,100 employees in the first wave of the migration.

At page 3 of 7, the DCOIG MAR states that the "Project Management Body of Knowledge (PMBOK) recognizes that there are different project organizations structures, however, they all report to a single manager." Actually the PMBOK, in section 2.3. "Organizational Influences" (1996 edition, page 17) recognizes a variety of different organizational structures for project, including some (*e.g.* weak matrices) in which the project manager role is more of a coordinator or expeditor than that of a manager, and others (*e.g.* functional organization) for

which there is no single point of authority for the overall project. This is not necessarily to dispute the MAR conclusion that the migration project and the data cleansing project would not have benefited from the direction of a single project manager or leader, but only to point out that this conclusion does not flow inevitably from the PMBOK.

At page 4 of 7, the DCOIG MAR notes that "the OCFO informed [DCOIG] that they are only responsible for ensuring that District employees are paid and are only concerned with the data elements that effect pay." While this statement is unattributed, it slightly miscasts the position and responsibility of the OCFO. In a large organization, reasonable division of responsibility is essential to orderly and efficient execution of business. While the OCFO is particularly concerned with the quality and accuracy of employee records and human resource data, it is principally responsible for making regular and accurate wage and salary payments to District employees, and, as such, has a particular concern for the accuracy and completeness of the data elements that affect those payments.

In conclusion, the OCFO recognizes the value of the recommendation that the activities that are the subject of this MAR be placed under the control of a single project manager with the authority to require the involvement of all agencies in the validation of CAPPS and UPPS personnel and payroll data prior to conversion. To the degree and extent reasonably feasible, the OCFO will explore methods to adopt this recommendation.

Exhibit 2

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF PERSONNEL
★ ★ ★

2001 NOV 20 AM 10: 10

November 15, 2001

Charles C. Maddox
Inspector General
Office of the Inspector General
717 14th Street, NW
Washington, DC 20005

Dear Mr. Maddox:

I have received the Management Alert Report (MAR-01-A-01) issued in connection with the OIG review of the District's migration from CAPPS to UPPS and thank you for the opportunity to provide input and comments on the report.

As you know, DCOP is playing a supporting role to the OCFO in the CAPPS to UPPS migration Our involvement includes the following:

1. Participation on the project team that is managing the migration project;

2. Clean-up of key personnel data for agencies serviced by DCOP;

3. Communication about the data clean-up and migration timeline with agencies serviced by DCOP, as well as the preparation of employee communication materials for agency HR Advisors to share with their employees.

In general, we agree that the four recommendations included in the MAR are sound. Some of the facts contained within the body of the document are now a bit out-of-date, however. Specifically, I would like to note that contrary to the statements in the MAR, DCOP has conducted outreach to our client agencies concerning data clean-up and employee communication.

We requested review of corrected data for the twenty-seven (27) agencies under the authority of the mayor. The response was not as expeditious as DCOP projected, but by September 1, 2001, twenty-four (24) agencies returned additional corrections or commented on general accuracy of the DCOP data review. The corrected data, affecting more than 3,500 employee records, was successfully transferred electronically to CAPPS prior to September 8, 2001.

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441 4th Street, N.W., Suite 300S, Washington, D.C. 20001

DCOP and the OCFO also continued a communications and outreach program to Agency HR Advisors and timekeepers to ensure awareness of the conversion events. Specifically, DCOP hosted Agency HR Advisor group meetings on October 26 and October 29, 2001. The OCFO hosted a number of individual and group timekeeper meetings throughout the week of October 22nd and October 29th. Newsletter templates, Frequently Asked Questions and individual financial information differences reports were provided to Agency HR Advisors and timekeepers to support the communications with employees. Sample copies of the above referenced materials are attached.

If you have any questions about this response, please contact me directly at 442-9600.

Sincerely,
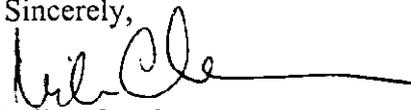
Milou Carolan
Director of Personnel

Enclosures
    cc: Anthony Pompa, Deputy CFO

Pay Resolutions Implementation Meeting
HR Advisors
October 26, 2001

Agenda

- ➢ Objectives

- ➢ Process

- ➢ Schedule

- ➢ Individual issues
  - Specific data problems identification/communications/corrections

- ➢ Communications
  - FAQ's
  - Points of contact
    - ❖ HR Advisors
    - ❖ OPRS
    - ❖ DCOP
  - Letter to Agency Directors
  - Individual problems – preemptive communications

- ➢ Open Issues?

October 29, 2001

Payroll System Conversion Begins

Beginning on pay date November 13, 2001, employees in this agency will notice a change in the appearance of their pay stubs and earning statements. This is due to a previously announced conversion of the District's payroll from the CAPPS system to the legacy UPPS system. For many, this will be a return to the familiar form of several years ago; for more recently hired employees, this change could raise questions about how to read this new format. Whatever the case, the Office of the Chief Financial Officer intends to make this process as seamless as possible.

The impact this will have on employees will primarily be the change in appearance for pay stubs and earning statements. However, some may experience difference in their net ("take home") pay as a result of this change. This is due to data verification during the conversion of personnel files and the different ways CAPPS and UPPS perform calculations. As a result, there may be a change in the value of your deductions and/or federal and state withholdings.

Provided here is a list of contacts for your part of the agency – timekeepers/payroll specialists who can answer your questions and help with any changes needed to your personnel file. These individuals can also give you a report that compares your CAPPS pay stub with your UPPS pay stub, showing you where the UPPS calculations created changes.

The Office of the Chief Financial Officer is committed to providing the best service to all District employees. Our number one goal will always be to ensure an accurate, timely, and reliable payroll.

Contact Information: Timekeepers/Payroll Specialists

Office	Name	Phone Number

Fill in this table with your agency's timekeepers/payroll specialists. The table and text box can be expanded as needed

October 29, 2001

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Fill in this table with your agency's timekeepers/payroll specialists.
The table and text box can be expanded as needed.

Contact Information:
Timekeepers and Payroll Specialists

Office	Name	Phone #

Insert your agency contact information here

YOUR AGENCY HERE

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Contact Information:
Timekeepers and Payroll Specialists

Office	Name	Phone #

Insert your Agency Contact Information Here

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF PERSONNEL

★ ★ ★

Conversion from CAPPS to UPPS Payroll System
Frequently Asked Questions

Why does my pay stub look different?

Because the District is converting its payroll system from CAPPS to UPPS.

What are CAPPS and UPPS?

CAPPS stands for Comprehensive Automated Payroll Personnel System. UPPS stands for the Unified Personnel Payroll System.

Why are you changing from one to the other?

CAPPS was intended to be a replacement for UPPS. During the rollout of CAPPS, which began in April 1999, efforts to customize CAPPS to accommodate the District's complex pay system were unsuccessful. Therefore, we have decided to return to the legacy UPPS system.

Our goal is to ensure that all District government employees are paid accurately, timely, and reliably.

What do all the fields in the UPPS pay stub mean?

The UPPS statement provides you with much more information than the CAPPS one did. Because the UPPS statement is more comprehensive, you should check it every pay period to see that the information it presents is correct. Also, you should remember to notify your timekeeper or human resources advisor when any of your personal information changes.

Why is the amount being deducted for my Maryland state taxes different?

Each local jurisdiction in Maryland has its own tax rate, and CAPPS calculated your local withholding based on your specific local rate. UPPS, however, uses one general rate – whatever the highest local tax rate in Maryland is – to calculate withholding for Maryland residents.

You may see greater deductions for local taxes from each paycheck, but your annual tax liability does not change. It just means that you may receive a greater refund from Maryland at tax-filing time

You may want to consider changing the number of exemptions you claim on your W-4 form to compensate for the increase in your withholding amounts. W-4 forms can be obtained from your timekeeper or human resources advisor.

Why is the amount being deducted for my health insurance or life insurance different?

The amount deducted from your paycheck for insurance in UPPS is the correct amount for your portion of the premium. UPPS deducts the per pay period (or bi-weekly) amount quoted by your insurance company.

CAPPS took the quote from the insurer and calculated a per day cost, rather than simply using the per pay period cost. This slightly different formula led to a different deduction, one that was usually less than what was quoted by the insurance plan.

The differences vary slightly – generally less than $1 per pay period, depending on your plan.

If you have a question about what your current insurance premium cost really is, please contact your human resources advisor.

Why has my federal income tax withholding amount changed?

UPPS rounds withholding amounts to the nearest dime ($0.10), while CAPPS rounded to the nearest penny ($0.01).

How do I correct information (ex. sick/annual leave) in any of the UPPS fields?

Contact the timekeeper for your part of the agency or your human resources advisor to get help in fixing incorrect information and to obtain any necessary forms to make these changes.

Carolan, Milou (DCOP)

HR Advisors and Public Information Officers:

Attached are communications materials to explain to employees the upcoming change of payroll systems, from CAPPS to UPPS. Employees in your agency who currently receive paychecks from the CAPPS system will receive their November 13 or November 16 paycheck from the UPPS system. Please check with your agency's HR Advisor/PIO to determine who will send out this information to your agency's employees.

To alert employees of these changes, the Office of the Chief Financial Officer and the Office of Personnel have prepared two items, which are attached to this email: a general announcement of the change, and a Frequently Asked Questions document to help your HR staff and timekeepers/payroll specialists answer employees' questions. I have also attached a list of each agency's head timekeeper; you will need to get the list of all timekeepers from your agency from the head timekeeper in order to insert your agency's specific information as described below.

We are providing you the general announcement in two formats:

- Text only, so you can cut and paste it into your agency's regular newsletter. Be sure to include a table of your timekeepers.

- A Word template of a simple newsletter format, dated today, into which you can click on the various text boxes and insert your agency's information (agency name and address, timekeepers/payroll specialists and their phone numbers).

We ask that you forward this information to employees as soon as possible.

Thank you,

Randi M. Blank
Communications Officer
D.C. Office of Personnel
441 4th Street, NW, Suite 300S
Washington, DC 20001
!02) 442-9648
randi.blank@dc.gov

1

Newsletter
Template.doc

Just text and table
10.24.doc

CAPPS to UPPS FAQ -
FINAL 10.2...

Exhibit 3

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE CHIEF TECHNOLOGY OFFICER

★ ★ ★

December 21, 2001

Charles C. Maddox, Esq.
Inspector General
Government of the District of Columbia
717 14th Street, NW
Washington, DC 20005

Dear Mr. Maddox:

This letter is intended to provide comments and responses to the recommendations found
in the Management Alert Report (MAR 02-A-01) issued in connection with your ongoing
review (OIG No. 01-01-14AT) of the District's Comprehensive Automated Personnel
Payroll System (CAPPS) to the Unified Personnel Payroll System (UPPS) Migration
(Project).

First, we'd like to address the comments and recommendations on page five of the MAR,
specifically directed at the management and operations of the SHARE data center -- now
called OCTO Data Center 2 (ODC2) – as related to the CAPPS/UPPS project:

The report asserts that to support segregation of duties, the CAPPS PMO should make
changes to CAPPS in a test environment and changes should be approved prior to moving
the changes into production. Further, production jobs should run in a controlled
environment.

OCTO agrees. The CAPPS PMO never had time to implement the requested changes to
process CAPPS in a production environment. OCTO did not have resources to provide
this service. In the first quarter of 2002, CAPPS will only be processed for DC Public
Schools (DCPS). OCTO will approach the DCPS CIO, Joe Lane, to see if it is feasible to
implement this process for DC Public Schools.

The report states that SHARE (ODC2) does not have the personnel required for a
properly controlled quality assurance environment. A properly controlled environment
would provide for necessary separation of responsibility to adequately control
modifications to applications while maintaining the integrity of production programs and
data.

OCTO agrees that ODC2 should be responsible for production programs, but data should be the responsibility of the business functions. It will take six months to set up a production control operation at ODC2 and six additional months to move and test all CAPPS/UPPS jobs in that environment. If agreement with OCFO can be obtained, this effort can be completed by December 31, 2002. Additional personnel will need to be hired and CAPPS/UPPS production control personnel transferred to OCTO. At least three individuals, none of whom are currently employed at ODC2, will be required for this effort.

The report recommends that SHARE (ODC2) personnel should have the responsibility of tracking changes in order to minimize the likelihood of disruption and unauthorized alterations and errors.

OCTO agrees that ODC2 should be responsible for tracking changes. ENDEVOR is the product being used by OCFO to provide this capability. However, there are no District employees with sufficient experience with this product to ensure its successful implementation for CAPPS and UPPS. Based on previous experience, we estimate that this effort will take one to two years to complete once trained personnel are available. A target date for this effort is December 31, 2003.

Finally, the report suggests that SHARE (ODC2) should ensure that all users adhere to formal procedures for systems development, modification, and installation projects.

OCTO disagrees. Procedures for development, modification, and installation projects are normally the responsibility of the application development team. OCTO does not have the responsibility, authority, or the legislative mandate to perform these functions.

In summary, OCTO cannot support these specific recommendations until operational positions for production and change control are approved. A total of six employees are required to implement the requests, and five employees would be needed to operate these systems going forward.

Second, we'd like to address the summary recommendations found on page six of the MAR:

Recommendation #2: The OCTO establish a general project management framework over systems development, modification, and implementation projects that require the assignment of a single project manager and defines the scope and boundaries of managing project, as well as the projects management methodology to be adopted and applied to each systems project undertaken.

The OCTO Management Services Division initiative enhances the agency performance of IT projects by assigning an experienced program manager to provide project oversight to each agency. The oversight process provides a series of checkpoints to ensure that IT projects will succeed because they are conducted in a disciplined and well-managed fashion. At the beginning of every IT capital project, the agency completes the Program Review for Information Services (PRIS) form to demonstrate that:

- the scope, schedule, and resources of the project are well defined and planned;
- a District employee has been assigned as the project manager and has the authority to perform the project;
- a complete business plan has been completed which identifies the anticipated monthly spending and establishes deliverable milestones no less than every 60 days;
- the plan clearly identifies the business results to be achieved, including return on investment; and
- the plan demonstrates that issues and project risk will be identified and managed during the project's execution.

Throughout the conduct of an IT Capital Project, OCTO's assigned project manager provides monthly reports that alert agency and OCTO management to projects that fall behind schedule, exceed budget targets, or face significant operational problems. Additionally, prior to purchasing IT goods or services, agencies are required to complete a separate PRIS form to demonstrate that IT expenditures for equipment and contracts meet specific guidelines and are consistent with District-wide architecture and standards

Finally, in order to ensure a sound project management approach, prior to expending funds on IT projects, project managers are required to complete a Project Initiation Form (PIF). Once complete, this information, along with business plans, project schedules, funding authorization documents, and risk mitigation plans are bundled and provided to the Project Management Office (PMO).

Recommendation #3: The OCTO should ensure that, for each information technology project, a project master plan is created which is adequate for maintaining control over the entire project throughout its life and includes a method of monitoring the time and costs incurred throughout the life of the project.

OCTO has implemented a centralized Project Management Office (PMO) whose mission is to advance the project management efforts for the District's IT project portfolio by providing a mechanism for the organization that is able to:

- enforce the obligation of accountability throughout the organization;

- provide independent executive project level synopsis;
- integrate financial, contract, and project management data into a single view;
- allow for CTO endorsement and authorization to spend funds; and
- facilitate independent project management audit and validation support

Through the PMO, we've implemented a set of formal project management processes and procedures, self-auditing efforts in the form of mandated Project Performance Reviews, and an intranet-based tracking tool to assist with the executive project oversight.

As part of OCTO's approach for maintaining executive oversight and control over our IT projects, we've developed a Project Office Executive Tracking System (POETS) that provides the CTO and the executive team comprehensive and current project information. Included in this bi-monthly report is a centralized issue tracking system, a project financial and status detail section, and a project master plan. This system integrates project management, contract, and financial data into a single report in order to provide an integrated view of each project and the total OCTO IT portfolio. In conjunction OCTO's Management Service Division (described above), the system is currently being expanded to encompass all District IT projects, and, by late January 2002, we'll have the capability to view the entire District's IT project portfolio in a single management tracking and reporting system.

Recommendation #4: The OCTO formally designate and assign ownership for application data to a particular agency or control group to allow them to effectively control maintenance, modification, and implementation projects.

It's not OCTO's role to designate or assign ownership for application data. It's the individual agency's responsibility to establish procedures to control the capture and use of their data, including the operations and maintenance of their systems. OCTO can assist the responsible agency in developing system maintenance and modification procedures and methods. Typically, such procedures are developed as part of the transition plan from system development and implementation to system operation and maintenance.

Thank you for the opportunity to comment on this report. Should you have any questions or require further information, please contact me directly.

Sincerely,

Suzanne J. Peck

cc: John Koskinen