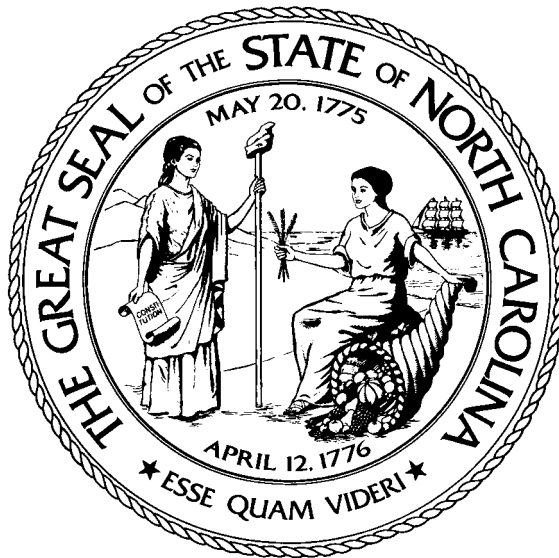


*Authorized the award on 10/28/2004
Deloitte Consulting*

Statewide Business Infrastructure Program - HR/Payroll Planning Project



Scope Statement

September 22, 2004

Tracking No. TECH-002147

PREPARED BY:

OFFICE of the State Controller

<http://www.osc.state.nc.us/>

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Scope Statement

Department/Agency:	Office of the State Controller
Issue Date:	September 22, 2004
Project Name:	Statewide Business Infrastructure Program HR/Payroll Planning Project Tracking No. TECH-002147
Project Sponsor:	State Controller
Project Contact:	Gwen Canady
Contact Email:	SBIP@mail.osc.state.nc.us
Technology Services Contract:	Attachment 10 – Technology Advisory Services and Attachment 15 – Financial Systems Support and Implementation
Due Date for Questions:	September 29, 2004 at 5:00 PM (EST)
Answers to be emailed by:	October 1, 2004 at 5:00 PM (EST)
Due Date for Responses:	October 8, 2004 at 2:00 PM (EST)
Delivery Instructions:	Scope Statement Responses should be addresses to: Office of the State Controller Attention: John Morgan 3512 Bush Street Raleigh, NC 27609

The State requests vendors to e-mail questions regarding this Scope Statement to SBIP@mail.osc.state.nc.us by the date and time specified above. Responses to the questions will be emailed to the vendors on Attachments 10 and 15.

1. Scope Statement Purpose

A previous Scope Statement was issued for the HR/Payroll Phase 1 Planning Project in August 2004. Due to outstanding questions on all responses, it was decided the best approach for continuing procurement would be to re-issue a new scope statement.

The purpose of this Scope Statement is to solicit proposals from Vendors to develop a detailed set of business/functional requirements and a corresponding business process re-design approach for the State of North Carolina focusing the State's critical needs in the areas of Human Resources and Payroll. This project includes identification of significant changes in the State/Agencies, management practices and organizational structure necessary to accomplish the recommended re-engineering business practices and the strategy for managing these changes.

The business/functional requirements will be subsequently used as input to a formal procurement process for implementing a new, fully automated human resources and payroll system to accommodate statewide business needs. The deliverables produced under this Scope Statement are the early steps in the development of a new, comprehensive, financial and human resources business infrastructure for the State of North Carolina.

The Statewide Business Infrastructure Program (SBIP) - HR/Payroll Project will have the following three Phases:

- Phase 1 – Planning (This Project)
- Phase 2 – RFP Development/Procurement
- Phase 3 – Implementation

This Scope Statement is for Phase I only. The successful vendor will not be permitted to bid on Phase II of this project; however, will be permitted to bid on Phase III.

2. Project Background

History

Session Law 2001-491 directed the Office of the State Controller (OSC) to determine the feasibility of developing and implementing a new business infrastructure for the State. The systems included in the State Business Infrastructure Study (SBIS) support the following business functions: financial management, cash management, payroll, human resources, budget management, procurement, treasury, retirement, and revenue accounting. For these core business systems, a wide range of data was collected – data such as: core system purpose and capabilities; planned system enhancements; system interfaces; costs associated with existing systems operation; industry best practices; and, functional gaps/operational risks. The study was conducted in two Phases:

- **Phase I – Inventory and Assessment - Completed April 4, 2003**
Goal: To develop a high-level inventory and assessment of the business systems, subsystems and integration/ interface components that provide financial, human resource, and payroll information and support to programs in State government. This included the identification of technical and business requirements, problems and risks, and the approximation of present costs incurred for operations and maintenance.
- **Phase II – Blueprint for Selecting Improvement Approach – Completed October 31, 2003**
Goal: To determine and document viable options for implementing a business infrastructure that would include integrated operations for budgeting, accounting, payroll, human resources, revenue collection, cash management, investments, and other business functions of State government. Descriptions and risks for each alternative approach are provided, along with benefits, constraints and other relevant considerations.

The SBIS documented the State's current core business systems as having limited functionality. These systems rely on dated technology and do not communicate well with each other. In many cases, they are becoming increasingly difficult to operate, perform routine maintenance, or to modify to meet new operational requirements. Moreover, these systems are unable to meet the increasing demand for information needed by management to assist in their decision-making. Other contributing factors include such things as the overall age of the system, withdrawal of vendor support, and a rapidly declining workforce possessing the skills necessary to maintain these systems.

Both summary and detail report information can be accessed on the Office of State Controller web site: <http://www.osc.state.nc.us/> by selecting the "Business Systems Infrastructure Study" under the Business Initiatives section.

The study concluded that continued use of the current business systems may adversely impact the fiscal integrity of state government, as well as the efficiency and effectiveness of its operations. Therefore, the State decided upon a replacement strategy that carefully weighs the risks of potential system failures with the current State budget condition and State funding priorities. The strategy involves an extended implementation approach with the first focus on replacing the Human Resources and Payroll Systems. Ratified Senate Bill 991 appropriates funds to implement this strategy.

3. Project Purposes and Objectives

Real-time integration between current State Human Resource and Payroll systems is greatly needed for the State of North Carolina to be successful in managing its human capital. Business functions such as time collection, payroll, human resource administration, financial and accounting all currently operate on disparate and outdated systems. In an effort to aggressively move forward with electronic government, the State's core business infrastructure systems have been examined from an enterprise perspective and a blueprint for achieving this effort has been recommended. This blueprint, the Statewide Business Infrastructure Program (SBIP), provides the roadmap and resources required for implementing a new Financial and Human Resources business infrastructure for the State of North Carolina. (Detailed information can be found at <http://www.osc.state.nc.us/> by selecting the "Business Systems Infrastructure Study" under the Business Initiatives section.)

The first initiative under the Statewide Business Infrastructure Program identifies the Human Resources/Payroll system replacement as a top priority with the primary near-term focus on defining requirements and selecting a replacement strategy. The goal of the HR/Payroll Project is to develop an enterprise-wide Human Resources/Payroll system that provides a foundation for management flexibility, increased efficiency, and the providing of information needed to make timely and appropriate decisions.

The purpose of this Scope Statement is to accomplish the following deliverables:

1. Develop a complete business requirements analysis identifying human resource and payroll current business processes, current workflows, and future business needs. The requirements should focus on the most critical business and functional processes central to the management of personnel resources in state government. Documentation that was previously captured through the SBIS should be refined for the analysis while identifying detailed information on the following core business systems: the Personnel Management Information System (PMIS), Central Payroll System (CP), and the Department of Transportation Payroll System (DOT Payroll).

The core system assessments should include business processes central to the following functions across the Office of State Personnel (OSP), the Office of the State Controller (OSC), and the Department of Transportation (DOT Payroll) including, but not limited to, the following:

- Payroll Administration
- Payroll Processing
- Labor Cost Distribution
- Employee Self Service
- Personnel Administration
- Workforce Analytics
- Time Collection Management and Leave Tracking
- Budget Support
- Compensation Management
- Competency based HR Management
- Benefit Administration
- Training Administration
- Recruitment and Applicant Tracking
- Disciplinary Action & Complaint Management
- Incident and Accident Tracking
- Performance Management
- Job and Salary Surveys
- Position Analysis
- Organizational Management

In addition to the core central processes, agencies have individually developed stand-alone applications to assist them with the HR business functions. For example, typical duplicate individual agency applications include applicant tracking, time and attendance, and disciplinary action management.

Therefore, additional agency systems and processes will be assessed in addition to the core systems and processes. The agency assessments should detail processes that support HR/Payroll functionality or processes that exchange essential HR/Payroll data with the State's central systems. The agencies to be assessed will include, at a minimum:

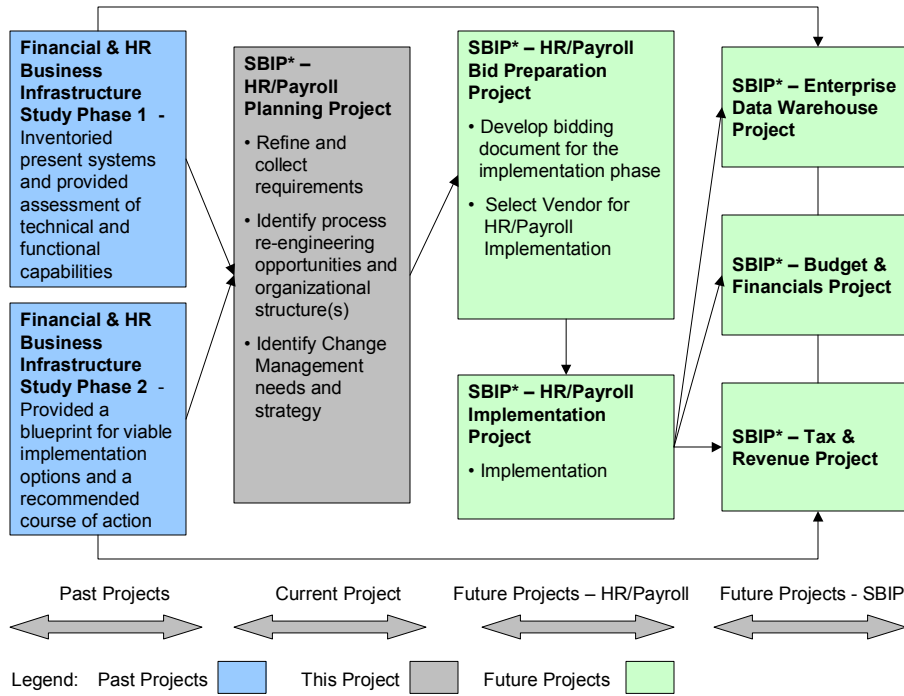
- Department of Correction
 - Department of Environment and Natural Resources
 - Department of Health and Human Services
 - Department of State Treasurer – Retirement Systems Division
 - Department of Transportation
 - State Health Plan
 - University of North Carolina System
2. Identify process re-engineering and organizational restructuring opportunities for human resource and payroll business functions particular to the purchase of a comprehensive, integrated HR/Payroll application.
- Define how an integrated HR/Payroll application would be implemented within the State of North Carolina to include assessing the potential merger of the DOT Payroll System with the Central Payroll System.
 - Document high-level system requirements including process, function, data, security, and other technical requirements.
 - Identify change management requirements and develop a strategy for managing change in process, culture, management practices and organizational structures.
 - Review and make recommendations regarding issues such as system(s), response time(s), system sizing and growth, up-grade ability, etc.
 - Present an overview of current industry practices as well as information on industry HR/Payroll packages.

The awarded Vendor shall perform project management, other administrative tasks and additional work required to respond to questions, issues or other requests made to the project office that are necessary to successfully accomplish this assessment. All products from this project shall be property of the State of North Carolina.

The intent is to perform this planning project work in an expeditious and cost-effective manner. It is expected to be a six-month effort. Due to severe project budget constraints, vendors are expected to make the best use of the information prepared in the Statewide Business Infrastructure Study (SBIS) and their skills and experiences from projects of a similar nature. Work efforts are to be targeted to the areas where the most benefits accrue to the state, and preciseness of numbers and exactness of information must be proportional to the value of the results.

OSC and other participating State agencies will identify appropriate staff to be available to answer vendor questions on present systems and their benefits and problems, as well as desires and plans for improvements.

The graphic below summarizes the major statewide business infrastructure projects.



*Acronyms

SBIP = Statewide Business Infrastructure Program

4. Subsequent Work by Winning Vendor

The Project Steering Committee anticipates that many vendors will desire to participate in this Project. In order to maintain a fair and competitive procurement process, the following section has been added to clarify vendor participation in the potential award of future contracts for subsequent work that may result from the results and recommendations from this first phase effort.

Specifically the State desires:

HR/Payroll Project Phase	Vendor Eligibility
1. Planning	All Vendors
2. RFP Development	All Vendors with the exception of the Vendor who was awarded the Phase 1 Planning Project.
3. Implementation	All Vendors with the exception of the Vendor who was awarded the Phase 2 Bid Preparation Project.

The awarded Vendor(s) of the Planning Phase and the Bid Preparation Phase will be required to organize pertinent information obtained in performing the work and provide this documentation to the State in both paper and computer readable (hard and soft copies) formats. The documentation must be in a structure that is helpful to all vendors responding to future bidding documents related to the combined study; thereby, creating a "level playing field" for interested vendors. The documentation and other relevant material and information resulting from the Statewide Business Infrastructure Study project are posted to the Office of State Controller's Web site at <http://www.osc.state.nc.us>.

The State has final approval authority of the vendor's project documentation described above including organization, structure, content and technical format.

5. Vendor Proposal Requirements

Vendor proposals must be straightforward, clear, well organized, easy to understand, and concise. They must contain the following seven sections. No other sections may be submitted. Proposals must be submitted in three-ring notebooks or binders with tabs delineating each of the sections. The minimum font size is 12 on 8.5 x 11 paper, the maximum number of pages for each section is given below, and the total number of pages must not exceed 28 (front only). Double spacing of type is the minimum allowed spacing for major contents (inserts of charts, matrices, tables, graphs, etc. may have smaller type and spacing, but must be readable and clear). **The 28-page limit does not apply to official/legal pages or documents that must be submitted with the vendor's proposal, such as The Execution of Scope Statement.**

1. Table of contents (1 page maximum).
2. Statement of no conflict of interest (1 page maximum) - Vendors must certify that neither they, nor any of their personnel who may provide services under any awarded contract, have a conflict of interest:

As defined or described in NC General Statute § 14-234; and that vendor (including past or present staff) has not participated in prior work with the State that would bias the work of this project and/or create real or perceived questions regarding the veracity, integrity or trustworthiness of the work, including findings and recommendations. Also the vendor (including past and present staff) has no preexisting disposition on any finding or recommendation that comes from a vested interest in any particular technology, service or product or an emotional investment in the project or its results.

3. Corporate background and experience (4 pages maximum) - This section shall include information determined by the vendor on the vendor's corporate organization (history, size, financial soundness, etc.), experience and skills regarding the vendor's track record, reputation and past performance that indicates the capabilities for the successful completion of this work. A minimum of three references of similar projects or other projects indicating the vendor's past performance, experiences and capabilities to do this work must be provided with project description (accompanied by an explanation of how it relates to this project), cost, and other pertinent information. Contact person(s), with telephone numbers and e-mail addresses must be provided for each reference.
4. Project approach (9 pages maximum) - This section must describe the objectives of the project, the methodology or approach for performing the project, the deliverables resulting from the work, the person-days involved in the work and the schedule/timetable for completing the project. Explain in detail how each deliverable will be accomplished. For each deliverable, also include a correlating percentage of the person-days involved in the work to complete the deliverable. The use of subcontractors is allowed pursuant to Paragraphs 4 and 5 of the General Terms and Conditions for Goods and Services, but must be described plainly in the project approach. The responsibility of the vendor must be unequivocally described in the project approach.

Please also include a completed version of the table below:

Objective	Proposed Work Days	% Proposed Work Days
Project Management and Administration		
Meeting time with Subject Matter Experts		
Documentation, Analysis, Reports, Preparation & Other		
Total		100%

5. Methodology and Toolset Experience (3 pages maximum) – This section shall include detailed information on the methodology approach and toolset (if a toolset is proposed) that the vendor describes in Section 4 (Project Approach). A minimum of three references of similar projects indicating where the methodology and toolset were used, how they were used, how the allocation of person-days correlated to the use of the methodology and toolset, and other pertinent information should be included. Contact person(s), with telephone numbers and e-mail addresses must be provided for each reference. References provided in Section 5 may be the same as references provided in Section 3.
6. Project personnel staffing and vendor organization for completing this project (6 pages maximum) - This section must include a description on the proposed staffing, responsibilities and organizational structure for accomplishing this project. Names and qualifications of proposed staff must be provided. Highlight the following expertise and experience by proposed staffing member:
 - Human Resources and/or Payroll
 - Change Management
 - IT Functionality/ Application Software
 - Project Administration and Management

Subcontracting is allowed for this work pursuant to Paragraphs 4 and 5 of the General Terms and Conditions for Goods and Services, but its use must be explained and the responding vendor must be responsible and accountable for all work performed by subcontractors.

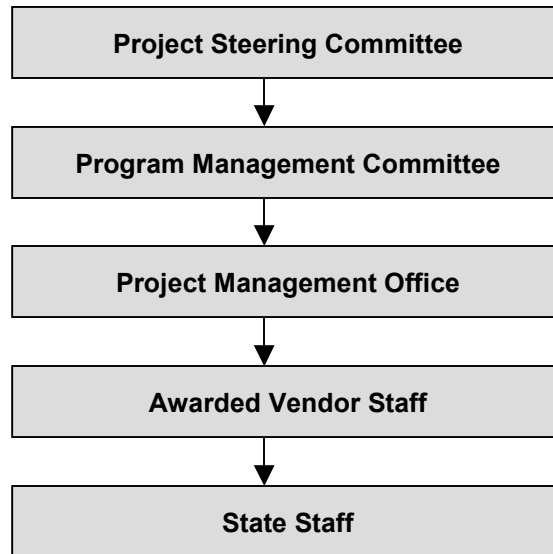
7. Costs (1 page maximum) - This project requires a time and materials bid with a not-to-exceed amount. The cost schedule must include two items:
 - A. **Not to exceed bid amount.** This amount will be used in the evaluation criteria in selecting the awarded vendor (see Section 9).
 - B. **Single hourly rate.** This rate will apply to all work efforts, regardless of type or complexity. Also, it will apply to all vendor personnel, regardless of required skill or experience levels. The single hourly rate will cover all costs, including direct and overhead expenses. Travel, per diem and other miscellaneous costs will be absorbed in the single rate. Only one (1) single hourly rate will be accepted, and that rate must apply to all persons and all work times (i.e., person-hours). No limitations on or variations of the single hourly rate will be accepted (such as tiered rates or maximum/minimum number of hours for a rate).
8. Deliverables/Payment Schedule (3 pages maximum) – Payments will be tied to the submission of acceptable deliverables. The State will determine the acceptability of all deliverables. A schedule should be provided of deliverables, the timing for submitting the deliverables to the State, and the expected payment (per the work effort expected to be expended for each deliverable per the project plan). This section also should contain a description of each deliverable and should list the proposed criteria for acceptability of each deliverable.

The State of North Carolina will provide workspace for the awarded vendor comprising three cubicles and a suitable meeting room. Telephones and Internet access will be available, but no computers will be provided.

6. Timetable/Schedule

Vendor selection and award is anticipated to take from one to two weeks after all proposals are received. The awarded vendor is expected to begin work within two weeks of selection. The project is expected to begin in late October and progress in an expeditious cost-effective manner. All work should be completed in approximately six months. The awarded vendor shall prepare and submit periodic status reports to the Project Steering Committee not less than weekly; and as otherwise directed by the committee.

7. Project Organization and Reporting



The project organization and reporting structure will be a five-layer hierarchy. The top layer will consist of the Project Steering Committee (PSC), which will be responsible for the overall direction and management of the endeavor. Members of the PSC will include the State Controller, State Chief Information Officer, Deputy State Budget Officer and the State Personnel Director. The Committee will address and resolve issues, problems and challenges as they arise. It is responsible for the successful completion of the project - on time, within budget and with satisfactory results.

The second layer will be the Program Management Committee (PMC). This layer will consist of key State business leaders at a senior level and provide guidance and coordination across all of the SBIP projects (including the HR/Payroll Planning Project). This Committee has decision-making authority for normal activities and will make funding recommendations to the PSC.

This third layer will be the Project Management Office (PMO). This Office will establish uniform project management standards, procedures, tools and reporting. The Office will also compile status reports for the PMC and PSC, and prepare and monitor the integrated program management plan for milestone schedule, costs and quality of work/ deliverables. Project managers from the State and Vendor, and administrative staff from the vendor will comprise this layer of governance.

The fourth layer, the awarded vendor, will perform the work, prepare all progress, status and other reports, perform project management tasks, and report to the PMO at least weekly.

The last layer consists of State staff. These personnel, considered to be business and technical experts, will be available to provide the necessary information to assist the awarded vendor in performing its work to meet the deliverables and objectives of the project, **primarily through focus groups and/or one-on-one interviews.**

The awarded vendor is expected to work closely with the PMO in reporting of findings; performing analyses; identifying, evaluating, and selecting viable implementation approaches; and preparing detailed justifications or business cases for the selected alternatives.

8. “Best Value” Procurement

It is the intent to award this contract to a single overall vendor. The evaluation and vendor selection process will be based on “best value” in accordance with NCGS §143-135.9 and Section 9 of this document. The particular procurement methods used are selected so as to result in the best buy for the State in terms of the functions to be performed. Competitive Best Value Procurement allows the use of alternate competitive purchasing techniques in addition to low price analysis in the selection of supply sources determined to represent best value.

A tradeoff/ranking method of source selection will be utilized in this procurement. The evaluation committee may request written clarifications of any offer received. However, the State in its sole discretion may refuse to accept in full or partially the response to a clarification request given by any vendor. Vendors are cautioned that the evaluators are not required to request clarifications; therefore, all offers should be complete and reflect the most favorable terms. Evaluation methodology shall be in accordance with Title 9 of the NCAC Subchapter 06B, Section.0302, or the corresponding section of any future NC Administrative Code, and Section 9 of this document.

The State may elect to conduct negotiations with one or more vendors and make requests of vendors as may be necessary or proper for best and final offers. Final ranking of responses and award of the contract will be made after the State reviews all bids and completes its evaluation, or if negotiations are conducted, and all rounds of Best and Final Offers have concluded. An award will be made to the vendor with the most advantageous offer.

9. Evaluation Criteria

The Project Steering Committee will evaluate proposals and determine the awarded vendor. An advisory board may be formed to aid the Project Steering Committee in its review of the proposals. At its option, the Project Steering Committee may request oral presentations or discussion with any or all vendors for the purpose of clarification or to explain the materials presented in any part of the proposal. The process used by the Project Steering Committee includes the principles listed above and the criteria listed in the table below and by applying the associated weight.

Evaluation Criteria	Section of Vendor Proposal	Evaluation Weight
1. <u>Vendor strengths, capabilities and experience</u> , including corporate background, references, past and current projects, financial soundness, performance history, etc.	3 and 5	30%
2. <u>Description of work</u> , including objectives, approach, deliverables, organizational structure, staffing qualifications, schedule/timetable, etc.	4, 6 and 8	65%
3. <u>Cost</u> A. Not to exceed bid amount – The not to exceed bid amount is the cost that will be used in the evaluation of vendor responses. B. Single hourly rate – The single hourly rate cost <u>is not</u> evaluated as part of these criteria, but it will be a condition of the resulting contract with the selected Vendor.	7	5%

10. Administrative Items

At least 2 originals and 4 copies of the proposal, with an execution page signed by an authorized officer of the Vendor must be submitted. One electronic copy (in Microsoft Word and/or Excel format) must be provided on diskette to facilitate distribution. Do not mark your entire response as "Confidential and/or Proprietary". Only vendor information referenced in the NC Information Technology General Terms and Conditions for Goods and Related Services, Section 17, "Confidentiality" may be confidential. Acceptance of proposals for evaluation when marked confidential or proprietary, or as exempt from disclosure under N.C. Public Records laws, shall not constitute a determination by the State that any materials or information contained therein are exempt from disclosure

- This project may be subject to approval of the State CIO and may be canceled if it is not certified.
- Proposals must be submitted to the address and by the time and closing date specified in the General Information Section

The term of this contract will be for a 6-month period beginning on the date of award.

11. Additional Terms and Conditions

- 1) **Supplement:** The additional terms and conditions set forth herein shall supplement the General Terms and Conditions for Goods and Related Services. In the event of a conflict between this Supplement and the General Terms and Conditions, or any other document, the order of precedence shall be determined by the State's solicitation document(s).
- 2) **Personal Services:** The State shall have and retain the right to obtain personal services of any individuals providing services under this Contract. This right may be exercised at the State's discretion in the event of any transfer of the person providing personal services, termination, default, merger, acquisition, bankruptcy or receivership of the Vendor to ensure continuity of services provided under this Contract. Provided, however, that the Agency shall not retain or solicit any Vendor employee for purposes other than completion of personal services due as all or part of any performance due under this Contract.
 - a) Vendor personnel shall perform their duties on the premises of the State, during the State's regular work days and normal work hours, except as may be specifically agreed otherwise, established in the specification, or statement of work.
 - b) The State has and reserves the right to disapprove the continuing assignment of Vendor personnel provided by Vendor under this Contract. If this right is exercised and the Vendor is not able to replace the disapproved personnel as required by the State, the parties agree to employ good faith efforts to informally resolve such failure equitably by adjustment of other duties, set-off, or modification to other terms that may be affected by Vendor's failure.
 - c) Vendor will make every reasonable effort consistent with prevailing business practices to honor the specific requests of the State regarding assignment of Vendor's employees. Vendor reserves the sole right to determine the assignment of its employees. If one of Vendor's employees is unable to perform due to illness, resignation, or other factors beyond Vendor's control, Vendor will provide suitable personnel at no additional cost to the State.
 - d) This Contract shall not prevent Vendor or any of its personnel supplied under this Contract from performing similar services elsewhere or restrict Vendor from using the personnel provided to the State, provided that:
 - i) Such use does not conflict with the terms, specifications or any amendments to this Contract , or
 - ii) Such use does not conflict with any procurement law, regulation or policy, or
 - iii) Such use does not conflict with any non-disclosure agreement, or term thereof, by and between the State and Vendor or Vendor's personnel.
 - e) Responsibilities of the State:
 - i) Any special requirements in addition to the specifications shall be identified in a statement of work, made in writing, and annexed to the Contract.
 - ii) The State will provide the information, data, documentation, test data, and other items or materials necessary, in its opinion, to facilitate Vendor's performance of the Contract.
 - f) Vendor shall provide written notice of any delay or failure of the State under (a) or (b) above.

3) Invoices, Payment: Upon execution of this Agreement, the Vendor shall submit to the Agency a monthly invoice and, upon approval by the Agency, receive payment within thirty (30) days. If this Contract is terminated, the Vendor is required to complete a final accounting report and to return any unearned funds to the Agency within sixty (60) days of the Contract termination date. All payments are contingent upon satisfactory performance of the invoiced items and fund availability. In addition to the Payment Terms of the General Terms and Conditions, the following terms shall apply:

a) Invoices for partial delivery of any Deliverables or for the number of work hours expended without acceptance of the associated Deliverables may be submitted no more frequently than monthly, shall reflect all work performed, and shall be subject to a Retainage of twenty five (25%) percent of the unit costs therefor.

b) Invoicing for work performed of a continuing nature and for an identified Deliverable shall reflect the pro-rata completion of the work associated with the Deliverable reduced by any amount previously invoiced and paid and further reduced by a Retainage of ten (10%) percent of the unit costs therefor.

c) Invoicing for unanticipated work, as described herein, shall not exceed ten (10%) of the total costs identified by the Contract, and shall be submitted in conformance with (b) above.

d) Upon completion of a work authorization, task, or Deliverable, and acceptance by the State, Vendor shall submit an invoice for the full charges applicable reduced by the amount previously invoiced and paid.

e) Notwithstanding any other term herein, progress payments shall not exceed ninety (90%) percent of the Contract amount prior to the satisfactory completion of the Contract and acceptance of the Deliverables by the State.

4) Reports: The Vendor will provide periodic status reports to the Project Manager. Status reports will include at a minimum a discussion of project progress, problems encountered and recommended solutions, identification of policy or management questions, and requested project plan adjustments.

5) Project Management: All project management and coordination on behalf of agency shall be through a single point of contact designated as the agency Project Manager. Vendor shall designate a Vendor Project Manager who will provide the single point of contact for management and coordination of Vendor's work. All work performed pursuant to this Contract shall be coordinated between the agency Project Manager and the Vendor Project Manager.

6) Meetings: The Vendor is required to meet with agency personnel, or designated representatives, to resolve technical or contractual problems that may occur during the term of the Contract. Meetings will occur as problems arise and will be coordinated by agency. The Vendor will be given reasonable and sufficient notice of meeting dates, times, and locations. Face to face meetings are desired. However, at the Vendor's option and expense, a conference call meeting may be substituted. Consistent failure to participate in problem resolution meetings as demonstrated by two (2) consecutive missed or rescheduled meetings), or to make a good faith effort to resolve problems, may result in termination of the Contract.

7) Confidentiality of Data and Information:

a) The Vendor shall protect the confidentiality of all information, data, instruments, studies, reports, records and other materials provided to it by the State or maintained or created in accordance with this Agreement. No such information, data, instruments, studies, reports,

records and other materials in the possession of Vendor shall be disclosed in any form without the prior written consent of the State. The Vendor will have written policies governing access to and duplication and dissemination of all such information, data, instruments, studies, reports, records and other materials.

b) All project materials, deliverables, including software, data, and documentation created during the performance or provision of services hereunder is the property of the State of North Carolina and must be kept confidential or returned to ITS, or destroyed with an acceptable certification of destruction provided to ITS, or designee. Proprietary vendor materials shall be identified to the State by vendor prior to use or provision of services hereunder and shall remain the property of the vendor. Derivative works of any vendor proprietary materials prepared or created during the performance of provision of services hereunder shall be subject to a perpetual, royalty free, nonexclusive license to the State.

8) Personnel, Facilities, And Records – Unless otherwise provided by the Agency, the Vendor shall furnish all necessary personnel, services, and otherwise perform all acts, duties and responsibilities necessary or incidental to the accomplishment of the tasks specified in this Agreement. The Vendor shall be legally and financially responsible for its personnel including, but not limited to, any deductions for social security and other withholding taxes required by State or federal law. The Vendor shall be solely responsible for acquiring any equipment, furniture, and office space necessary for it to comply with this Agreement. The Vendor shall not substitute key personnel assigned to the performance of this contract without prior written approval by the Agency's Contract Administrator. The individuals designated as key personnel for purposes of this contract are those specified in the Vendor's proposal.

9) Unanticipated Tasks: In the event that additional work must be performed that was wholly unanticipated, and that is not specified in this Contract, but which in the opinion of both parties is necessary to the successful accomplishment of the contracted scope of work, the procedures outlined in this article will be followed. For each item of unanticipated work, Vendor shall prepare a work authorization in accordance with the State's practices and procedures.

a) It is understood and agreed by both parties that all of the terms and conditions of this Contract shall remain in force with the inclusion of any work authorization. A work authorization shall not constitute a contract separate from this Contract, nor in any manner amend or supersede any of the other terms or provisions of this Contract or any amendment hereto.

b) Each work authorization shall comprise a detailed stateStatement of the purpose, objective, or goals to be undertaken by Vendor, the job classification or approximate skill level or sets of the personnel required, an identification of all significant material then known to be developed by Vendor's personnel as a Deliverable, an identification of all significant materials to be delivered by the State to Vendor's personnel, an estimated time schedule for the provision of the services by Vendor, completion criteria for the work to be performed, the name or identification of Vendor's personnel to be assigned, the Vendor's estimated work hours required to accomplish the purpose, objective or goals, the Vendor's billing rates and units billed, and the Vendor's total estimated cost of the work authorization.

c) All work authorizations must be submitted for review and approval by the procurement office that approved the original Contract and procurement. This submission and approval must be completed prior to execution of any work authorization documentation or performance there under. All work authorizations must be written and signed by Vendor and the State prior to beginning work.

d) The State has the right to require Vendor to stop or suspend performance under the "Stop Work" provision herein.

e) Vendor shall not expend Personnel resources at any cost to the State in excess of the estimated work hours unless the procedure below is followed:

i) If, during performance of the work, the Vendor determines that a work authorization to be performed under this Contract cannot be accomplished within the estimated work hours, the Vendor will be required to complete the work authorization in full. Upon receipt of such notification, the State may:

(1) Authorize the Vendor to expend the estimated additional work hours or service in excess of the original estimate necessary to accomplish the work authorization, or

(2) Terminate the work authorization, or

(3) Alter the scope of the work authorization in order to define tasks that can be accomplished within the remaining estimated work hours.

f) The State will notify Vendor in writing of its election within seven (7) calendar days after receipt of the Vendor's notification. If notice of the election is given to proceed, the Vendor may expend the estimated additional work hours or services.

10) Conflict Between Terms In Technical Services Contract – In the event of any conflict between the terms set forth herein and the terms set forth in Exhibit 3 of the Technical Services Contract, the terms set forth herein shall prevail.

12. Execution of Scope Statement

By signing the below, the Offeror certifies that:

- This Scope Statement Response was signed by an authorized representative of the Offeror;
- This Scope Statement Response was not derived through any acts of collusion as Stated in NCGS 147-33.100;
- The Offeror agrees to all the mandatory terms and conditions and agrees to pay the 2% administrative fee to ITS per Section I, Paragraph B of the ITS Technical Services Contract; and
- The Offeror agrees to abide by all State of North Carolina Policies, Standards and Procedures and in addition, adhere to the Statewide Technical Architecture.

Therefore in compliance with the foregoing Scope Statement and subject to all terms and conditions of the ITS Technical Services Contract, including all exhibits, the undersigned offers and agrees to furnish the services set forth in the Scope Statement if the Scope Statement Response is accepted by the State.

Failure to execute/sign scope statement response prior to submittal shall render it invalid. Late bids are not acceptable.

BIDDER:		FEDERAL ID OR SOCIAL SECURITY NO.	
STREET ADDRESS:		P.O. BOX:	ZIP:
CITY & STATE & ZIP:		TELEPHONE NO:	TOLL FREE TEL. NO
TYPE OR PRINT NAME & TITLE OF PERSON SIGNING:		FAX NUMBER:	
AUTHORIZED SIGNATURE:	DATE:	E-MAIL:	

Acceptance by Agency is contingent upon the Statewide IT Procurement Office's approval of the Agency's recommendation of award. This contract was approved for award by the Statewide IT Procurement Office on _____, 2004.

ACCEPTANCE OF SCOPE STATEMENT RESPONSE

If any or all parts of this scope are accepted, an authorized representative of Using Agency shall affix their signature hereto and this document along with the provisions of the Technical Services Contract shall then constitute the written agreement between the parties. A copy of this acceptance will be forwarded to the successful offeror(s).

FOR CONTRACTING AGENCY USE ONLY

Offer accepted this ____ day of _____, 2004, as indicated on attached certification or purchase order

by _____ (Authorized representative of Contracting Agency)

Appendix A

This appendix provides an overview of what the State is seeking in the future HR/Payroll Application. Specific requirements for the functions described below will be a deliverable of this Scope Statement (Section 3).

The State requires a full suite of integrated enterprise human resource and payroll applications to support and enforce standardized processes and procedures as described below:

Data and Analytics

The HR/payroll application will house all HR data for state employees. The ability for a single end user to complete an entire transaction ensuring that all relevant data is entered in the appropriate sequence without any duplication of effort will be required of the application. For certain transactions, the system should allow for single or multiple levels of review, approval, and transaction editing. The personnel actions would include information such as Hires (part time, full time, seasonal, contractor, temporary, etc.), Rehires, Separations including retirements and involuntary terminations and layoffs, Leaves (Medical, Personal, FMLA), Transfers, Inter-Governmental Exchange, Promotions, Demotions, Position, Reclassifications, etc.

In addition to eliminating the duplication effort for entering HR data, the new application should also provide the following data capabilities:

- The ability to complete applicant and workforce analytics such as automatically generating detailed, timely, and efficient trend analysis and HR management reports including pre-defined and ad-hoc reporting capabilities.
- The ability to produce system-generated organizational charts as well as ad-hoc organizational charts. Capabilities are also needed to produce multiple proposed or planned organizational charts to assist with organizational or budgetary planning
- The ability to complete human resource metrics based on industry benchmarks and metrics.
- The ability to capture position information and track positions for budget and payroll.
- The ability to have historical and payroll data for reporting and inquiry. This information will allow for establishing trends and setting benchmarks.

Employee Self Service

The State wants to develop an employee/manager self-service function that will give employees and managers secure on-line access to use the Internet to view payroll, benefits, personal and training information, and the ability to update certain personal information. The long term goal is to provide employees with the ability to access personal information, make certain changes (such as address changes) in their personal files themselves, sign-up for benefits on-line, report time worked, request leave, and schedule training, thus improving workflow, minimizing paperwork, and reducing routine administrative costs. Many routine activities will be carried out by employees themselves thereby freeing management, human resources, and payroll for more productive activities. The functions of employee self-service should include, but is not limited to:

- Demographic changes
- Benefit eligibility changes
- Address changes
- Employment verification (for bank loans and mortgages)
- Job applications
- Leave requests

- Training requests and scheduling
- Time entry
- Tax changes/dependent changes
- Messaging to employees such as performance review dates

Payroll Processing

Integration of the two large payroll systems in use by the central administrative agencies is required. This integration will allow for the processing of multiple pay cycles. In addition, the option for employee self-service options for bank deposit details, taxation options and time collection should also be provided.

Compensation Management

Best practice government organizations are moving away from longevity-based pay to market and performance based pay. The new application will enhance the current Compensation Management capability and support both a standard salary range method of pay and a variable compensation (e.g. bonuses) method of pay.

Competency based HR management

The State of North Carolina is currently moving closer to competency based HR management through banding all state positions. The new application should fulfill the State's long-term goals by enabling a statewide qualifications and competency catalogue that will help to facilitate performance management, succession planning, recruitment, job and position classification, and training. Furthermore, on-line classifications and position evaluations to ensure enterprise wide consistency of evaluations and comparisons should also be included.

Budget Support

Capabilities for personnel cost planning and the development of potential cost scenarios are needed. The enhancement should project personal services costs for partially filled positions and vacant positions that may be filled in the future, in addition to merit increases, cost of living increases, and the savings for vacant positions that are not going to be filled. The system should also support "what-if" modeling (e.g., impact to budget of across the board 5% increase or what the impact is on the budget if we don't fill vacant positions for the next 6 months, etc.).

Time Collection and Management / Leave Tracking

The State wants the ability for electronic capture and input of time and attendance data statewide. An integrated statewide time capture system would include the following capabilities:

- A single system application for leave tracking that would be integrated with time collection and evaluation, payroll, and employee self-service.
- Integrated shift planning and resource availability tracking.
- Automatic update of payroll records

Labor Cost Distribution

The State requires the ability to distribute payroll costs to appropriate financial accounts. The payroll costs include the actual wages paid to the employee and the corresponding State related expenses contributed by the State as part of the total compensation package. The State needs to distribute labor costs (and related employer expenses) back to cost centers for which an employee works during any given pay period, including specific appropriations, grants, funds, projects, etc.

Each fund source associated with the employee may be assigned a fixed and/or variable percentage which, when applied to employee charges, determines the split to be calculated which is then posted to the cost center. Cost allocation records are then generated based on the split that was defined.

Employee Relations

The existing State systems capture some but not all of the data required to analyze trends and patterns of employee behavior in the areas of disciplinary actions, employee complaints and grievances. The new application should provide the ability to capture data required to analyze trends and patterns of employee behavior in the areas of disciplinary actions, complaints and grievances and report on complaints resolved at the agency level. This should include internal disciplinary and grievance activity, internal grievance cost, final resolution of internal grievances, settlement activity and cost, contested case activity, and judicial appeal activity.

In addition, the system will provide tracking, integration, and reporting capabilities of the following types of information:

- Occupational health and safety job requirements and employee qualifications.
- Workers' Compensation claims, appeals and dollar amounts.
- Disability payment eligibility and integration with payroll.
- Accident and incident investigation information.
- Employee rehabilitation assignments.
- Unemployment

Recruitment and Applicant Tracking

Create a statewide applicant tracking system integrating and enhancing the current stand-alone Agency tracking systems into one enterprise-wide application with the following capabilities:

- Web based applications
- Applicant tracking
- Candidate to position competency/qualification matching
- Applicant pool and recruitment efficiency evaluation.

Employee Benefit Administration

A single statewide point of benefit administration is needed. An enhanced system should include:

- Eligibility rules that are configured in the system and do not require individual interpretation.
- Employee self-service portals that would allow employees to update their own benefit coverage and dependent information.
- Full integration between payroll, and accounts payable and receivable.
- Employee benefit expenditure data like unemployment insurance and workers compensation benefits currently captured through separate organizations.
- Full tracking capabilities for healthcare plans, disability plans, and supplemental insurance plans including the ability to delineate specific providers for multiple Agencies.

Training Administration

The State wants to move towards self-service for training requests and applications. The new HR/Payroll application should also facilitate the following:

- Competency Catalog
- Administration
- E-Learning
- Media Inventory Management
- Individual Development Plans
- Tests, Assessments, and Surveys

Workflow

Workflow provides the ability for authorized personnel (e.g., employees, supervisors, managers, personnel and central agency staff) to route actions/documents electronically in an established review/approval path, within or outside departments. Departments will have the capability to develop the specific approval workflow based on the type of request or action. Workflow also provides the ability to track the status of actions/documents (e.g., outstanding, pending approval, approved, rejected). Workflow will automatically trigger an electronic notice when a document is

outstanding/pending approval beyond the approval timeframe designated by the department and will provide departments with the flexibility to alter the designated reporting relationship permanently or temporarily.