

Scope Statement

Department / Agency:	NC Department of State Treasurer (NCDST)
Project Name:	NCDST - IRSP – QA Review TECH-002930
Issue Date:	March 23, 2006
Due Date for Questions:	March 29, 2006 by 5:00 pm est
Due Date for Responses:	April 5, 2006 @ 2:00 pm est
Project Sponsor:	Bill Golden, Deputy State Treasurer
Project Manager Name:	Bob Sickler
Project Manager Phone:	(919) 807-3082
Project Manager E-Mail:	bob.sickler@nctreasurer.com
Reference:	Technical Services Contract, Attachment 17—Project Quality Assurance Review and Associated Services

Scope Statement Purpose:

The purpose of this scope statement is to contract with a vendor who can conduct two (2) third-party independent quality assurance reviews (process and product) for the North Carolina Department of State Treasurer's IRSP Project. The vendor must conduct an assessment of the project and prepare a report of findings and recommendations for the IRSP Steering Committee in the May-June, 2006 time frame and again in the June-July, 2007 time frame.

Questions must be sent to Bob Sickler by the specified deadline. Please put "TECH-002930 Questions" in the subject line of your email. Responses to the questions will be emailed to all eligible Vendors on Attachment 17 of the Technical Services Contract.

Sealed Proposals must be submitted to the address listed below and must be received by the time and date specified above.

**SEND ALL PROPOSALS DIRECTLY TO
DST Purchasing Office
Attn: Sondra Phillips
North Carolina Department of State Treasurer
325 N Salisbury Street Room 101-2
Raleigh, NC 27035**

IMPORTANT: Responses must be placed in a sealed package and clearly labeled with the name of your company and “**NCDST: IRSP – Project Management - Scope Statement No. TECH-002930**”, on the outside of the package. Vendors should provide two (2) originals and four (4) copies of the proposal as well as one electronic copy, in Microsoft Word format provided on diskette or CD.

The proposal shall contain an execution page signed by an authorized officer of the company. 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.*

Project Background:

The Retirement Systems Division (RSD) administers the retirement and fringe benefit plans authorized by the General Assembly of North Carolina that cover the State’s retired and disabled public employees and their beneficiaries. The retirement systems administered include the Teachers’ and State Employees Retirement System, the Local Governmental Employees’ Retirement System, the Consolidated Judicial Retirement System, and the Legislative Retirement System, as well as, nine other programs.

With more than 660,000 members and more than \$51 billion in assets, the North Carolina retirement system is the 24th largest plan in the world and the 13th largest plan in the United States. RSD receives and processes monthly employment and wage information from 1,600 state and local government employers. The Division is responsible for the creation, maintenance and storage of files for all individuals who are currently, or have previously been, members of any North Carolina state-administered retirement system. In many cases, this data must be maintained for 50 years or more.

In addition to the obvious challenges posed by the sheer volume of data and the lengthy time period over which it must be maintained, RSD is currently striving to

cope with the wave of “baby boomers” who are reaching retirement age. As a result of this “demographic bulge”, the number of retirements to be processed is dramatically increasing, as are new enrollments (to replace the retiring employees). Also, during this critical period, new and continuing legislation – aimed at increasing the fairness, equitability, and efficiency of benefits administration – must be constantly incorporated into the Division’s processing capabilities.

Like many other state retirement systems, RSD must presently cope with outdated automated processes running on an aging, fragmented information infrastructure and excessive manual procedures to meet the needs of its membership. Some of the computer programs currently in use date from the 1960’s. “Islands” of processing and manual “workarounds” result in operational inefficiencies and inconsistent information being provided to active members and retirees. At the same time, increasing constituent demands stem from the public’s recognition of today’s opportunities for faster access to more accurate information – for example, via the Internet.

Constraints on the current system include:

- Legacy systems developed in-house in the late 1960’s and early 1970’s, which are difficult and costly to maintain.
- Presence of many disparate pieces of applications/software with separate, non-synchronized databases.
- Characterized as out-dated, having inefficient workflow, and inadequate integration between multiple applications.
- Some software is obsolete, presenting incompatibility and support issues (e.g., FoxPro, Lotus 123)

The major known benefits of implementing a new Integrated Retirement System are summarized as follows:

- A reduction in manual processes and more timely information should result in faster processing of retirement activities.
- Improved interface with State Controller’s Systems.
- The ability to automate certain transactions with customers (e.g., telephone inquiries about account balances, web servicing of requests for forms, etc.), leaving RSD staff free to concentrate on value-added activities that do not lend themselves to automation (e.g., counseling members on retirement options).
- The provision of better services to RSD’s employer base (cities, counties, school districts, etc.) by making information and processing available on-line or over the Internet.

- Improved information for the System's active membership and retirees by providing multiple access points.
- The introduction of various internal audit controls to increase security and reduce risk.

One integrated system will supply significant benefits across the board to all users. These benefits include:

- Using the same information for all operations will assure consistent and accurate responses.
- Efficiencies should accrue to system maintenance tasks through the use of central tables containing data that is updated from time to time like tax and contribution.
- Enhanced data security through transaction auditing, striated levels of user access based upon a person's function and need to access data
- Enhanced avenues of access and a uniformity of the look and feel to the entire application.

Each of RSD's constituent groups can expect to gain benefits through the new system.

For the active members and retirees:

- There will be an ability to access actual history information (service credit, contributions, etc.) when running retirement projections and playing "what-if" scenarios,
- There will be an ability to check on the status of an action, such as their retirement application,
- There will be improved timeliness and accuracy of responses to their inquiries,
- There will be more accurate, consistent automated refund calculations,
- There will be more accurate, consistent, automated buyback calculations,
- There will be more accurate, consistent, automated calculation of costs for purchase of service,
- There will be the ability to access forms online, via the internet, download them, fill them in and submit to RSD without the need for interaction between the member and RSD staff,
- There will be an ability to access and maintain certain of their own demographic information such as address and phone numbers, and
- There can be automatic notification of vesting, retirement eligibility, and mandatory distribution of benefits.

For the employers:

- There will be expanded access to their employees' information other than imaged documents and the ability to provide updates to that information where necessary,
- There will be an ability to combine all of the participants' records under one account,
- There will be an ability to provide wage and service data that is automatically validated prior to posting to ensure accurate histories,
- There could be an ability to access general retirement information through frequently asked questions, on-line help screens and other resources, and
- There could be an ability to check on the status of an action.

For the RSD end-users:

- There will be elimination of multiple programs required to complete one process,
- There will be automatic calculation capabilities (such as estimates based on all available options) as well as the automatic calculation of final retirement benefits,
- There will be integrated contact management functions providing in one place a chronological view of all agency dealings with a member or retiree,
- There will be simplified data entry, improved data edits, screen navigation, reports and correspondence generation, and on-line help leading to shorter ramp-up cycles for new employees,
- There will be an ability to automatically transfer members (and all of their detailed historical data) between system plans,
- There could be the possibility of initiating remote sessions, thereby increasing the division's ability to respond to changing work environments or work force needs,
- There should be improved efficiency of workflow operations whereby the system automatically notifies the user that a preceding activity has occurred (such as receipt of a document from a member) and to initiate the next step in the process,
- There will be the ability to handle future plan changes with a minimum of maintenance expense and effort,
- There will be the ability to accommodate future membership growth without significant response time degradation or staffing level increases,
- Compliance with all relevant North Carolina and federal government statutes and all applicable IRS, Social Security Administration and Retirement Board regulations will be automatically assured,
- There will be automated correspondence generation and tracking,
- There will be automatic tracking and monitoring of re-employed retirees,
- There will be automatic determination of eligibility for retirement and disability benefits, and
- There will be an ability to process check cancellations and replacement check transactions on-line, with all appropriate updates being made to the retirement system database and accounting ledgers.

Project Implementation Phases:

Implementation of the IRSP Project is broken into two phases:

- Retired Payroll Implementation – this phase (phase V) started on in mid-May, 2004 and went to a production (go live) status on January 3, 2006
- Active Members Implementation – this phase started in late February, 2006 and is scheduled to go to a production (go live) status on October 1, 2007.

Quality Assurance Review Objectives:

The following QA review objectives will be reviewed for this independent review:

- Assess planned versus actual performance of project resources (hours and budget),
- Assess planned versus actual performance relating to deadlines (schedule and delivery dates),
- Assess planned versus actual business functionality delivered,
- Assess project's ability to deliver client-defined functionality,
- Assess level of client/user satisfaction with the quality of project deliverables,
- Assess effectiveness and level of maturity in relation with other similar sized Government Sector projects of the Project Management processes and procedures (Quality plans, Software Configuration Plan, Peer Review, etc.)
- Assess the project organization structure and communications effectiveness
- Assess the strategies, methods and procedures used to test the entire solution.
- Assess client/user satisfaction with user support,
- Assess whether the primary vendor is operating in a manner consistent with a CMM level 3 organization,
- Assess the impact on the Business Continuity Plan,
- Validate initial report and findings,
- Summarize lessons learned and make recommendations for improvements.

Quality Assurance Review Tasks:

The Vendor shall perform the following tasks during the independent quality assurance review:

- Task 1: Establish the quality assurance review Statement of Work
- Task 2: Perform quality assurance review kickoff activities (hold initial meeting with project / department staff)
- Task 3: Establish interview framework and conduct interviews
- Task 4: Perform documentation review
- Task 5: Compare preliminary findings with industry best practices
- Task 6: Perform analysis of information; develop findings, and corrective or preventive recommendations
- Task 7: Engagement management

The following paragraphs provide brief summaries of the actions to be completed while carrying out each of these tasks.

Task 1 - Establish the Quality Assurance Review Statement of Work (SOW)

The vendor must meet with IRSP Steering Committee to review the approach and scope of the project and to obtain initial documentation on the IRSP project and NCDST requirements. The results of these meetings and discussions will go into the final production of this document and the project workplan for the QA Review. The proposal should act as the starting baseline, and it is expected that no more than 1 week of duration would be required to review and revise the proposal documentation to create and complete a SOW and a support project schedule with resource allocations.

Task 2 - Perform quality assurance review kickoff activities (hold initial meeting with project / department staff)

The vendor must hold project kickoff meetings/discussions with DST and IRSP project staff to:

- Introduce QA Team members.
- Review the scope of work of the QA review with the Project Director.
- Confirm DST key project team members to be interviewed.
- Collect key documents to be reviewed.

The key outcome of the project kickoff meeting is a common understanding by all parties of the QA review process, objectives, agreement on the scope of the QA review, and to finalize the SOW.

Task 3: Establish Interview Framework and Conduct Interviews

The vendor must conduct interviews with project management, project team and user personnel. A project organization chart is attached (Appendix A) to assist the awarded vendor in selecting the people that need to be interviewed.

Task 4: Documentation Review

The vendor must collect and review documents related to the project including,:

1. The primary Project Management Plan (PMP) for the project. Detailed final preparation and cutover plans.
2. Copies of any project planning documents and system design documents and specifications prepared by vendors to the project.
3. Copies of the project budget and expenditure documentation over the duration of the project.
4. Copies of the project risk analysis, risk assessments, and risk management plans.
5. Copies of the project status reports, such as weekly, monthly, or quarterly reports, prepared for DST by project vendors(s).
6. Copies of any other formal project status reports DST has prepared as part of reports to other executive agencies and the Legislature. If these reports typically contain budgets and expenditure information, the QA review team will want to have that information as well.
 - Copies of the Microsoft "Project" plans (with milestone dates)
7. Copies of the Steering Committee agendas and meeting minutes.
8. Copies of the Project Team Meeting agendas and meeting minutes.
9. The project Software Quality Assurance Plan.
10. Copies of summary reports of completed items and pending items from any (a) project issue tracking system and (b) configuration change management system maintained by the project and its vendors.
11. Copies of the Business Process Master List.
12. Copies of the system/software test plans and testing results (Unit, System and User Acceptance Tests)
13. Copies of the test plan problem reports.
14. Copies of the end-user training reports.
15. Copies of the general security principles approach and strategy.
16. Copies of security policies and procedures over the following areas:
 - *Access To Data Dictionary*
 - *System Exits*

- *Security Monitoring*
 - *Security parameter setting*
 - *Segregation of duties*
 - *Use of standard User ID*
 - *Use of sensitive profiles*
 - *Access to sensitive transactions*
17. Copies of the list of reports developed
 18. Copies of the report testing plans and results
 19. Copies of all documentation related to interfaces with other systems
 20. Copies of the testing documentation related to all the inbound and outbound interfaces between ORBIT and external systems.
 21. Copies of all enhancements and modifications - (Enhancements and modifications include use of ORBIT designed user exits, custom modification of ORBIT standard objects, and development of custom programs. Each enhancement requires maintenance procedures, and can impact system performance and maintenance costs. The implementation team must ensure that enhancement programs are complete, accurate and available to support final integration testing. It is recommended that the implementation team limit the number of enhancements required. Additionally, we will prioritize each enhancement and review the development, testing and approval process of enhancements that have a higher impact on the implementation and /or have a higher impact on system performance and maintenance costs.).
 22. Copies of test plans and results of all enhancements and modifications (see definition above).

The above list is prioritized in the order that we will provide the documents. However, if lower priority documents are easily accessible, we will provide them as they become available. Additionally, as the interviews and documentation reviews occur it is likely that the awarded vendor will find other documents that will be helpful to add to the requested document list.

To the greatest degree possible, we will provide these documents in electronic format. This step will assist in collecting the substantial volume of project documentation in a single location.

Task 5: Compare preliminary findings with industry best practices

The vendor must compare the results of the QA review's preliminary findings with industry best practices. This will be accomplished through the compilation and analysis of facts from the interviews, questionnaires, and focus groups (if any). Conclusions will be drawn as a result of all previous tasks and activities, and

value added recommendations will be made to DST. This will ensure that the primary objectives of this QA review are sufficiently addressed and evaluated.

Task 6: Perform analysis of information; develop findings, and corrective or preventive recommendations

Subtask 6.1 The vendor must develop initial draft report and review with DST and IRSP project team

Subtask 6.2 – The vendor must perform follow-up fact finding and issue resolution

Subtask 6.3 – The vendor must incorporate approved changes, review with DST and IRSP project team, prepare Final Findings Report

Task 7: Engagement management

The vendor must meet internally each week to review its QA approach. In the event the awarded vendor finds the need to correct their own processes and change their research approach, it will be necessary to notify the DST staff of these recommended changes in the weekly project status reports. No changes will be made in this work plan without prior, written approval from DST and without consultation with the IRSP project management.

The vendor must prepare weekly project status reports according to the DSTs format and content requirements for status reporting. The vendor shall meet, either in person or by telephone, with DST staff to review the status reports.

Quality Assurance Review Deliverables

The selected vendor shall deliver the following products:

- Initial draft report encompassing those sections identified below.
- Project Quality Assurance Review Final Report consisting of the following sections:
 1. Cover Page,
 2. Table of Contents,
 3. Preamble,
 4. Executive Summary,
 5. Review Detail
 - Project History
 - Project Planning and Organization
 - Project Management
 - Project Tracking and Oversight
 - Project Communications and Risk Management
 6. Appendices

Anticipated Timetable / Schedule:

The arrangement, conduct and follow-up of quality assurance reviews will follow the process below:

The proposed schedule is as follows:

<u>Activity</u>	<u>Anticipated Date (2006)</u>
Issuance of Scope Statement	March 23, 2006
Due Date for Questions on Scope Statement	March 29, 2006
Proposals Due and Bid Opening	April 5, 2006
Awarded Vendor Selected and Contract Awarded	May 12, 2006
QA Review Start Date	May 23, 2006
Statement of Work Draft Completed By Vendor	May 26, 2006
Statement of Work Approved – Project Begins	June 5, 2006
Draft of Preliminary High Level Project Assessment	June 21, 2006
Draft of Report Submitted to IRSP Steering Committee	June 26, 2006
Final Summary-Level Report Submitted	June 30, 2006
Final Summary-Level Report Approved	July 10, 2006

Political or Business Environment:

The Department of State Treasurer is a state-level governmental agency. The State Treasurer is an elected official.

Conflict of Interest and Subsequent Work by Awarded Vendor

The integrity and value of the review and resulting findings and recommendations depend highly on vendor reputation, conduct of the assessment and complete absence of actual or perceived conflict of interest. Accordingly, prospective vendors must provide a statement that no potential conflict of interest exists in performance of this quality assurance review engagement. In addition, the awarded Vendor **will not** be eligible for any future work arising directly from this quality assurance review or the NCDST IRSP Project, with the exception of conducting future quality assurance reviews or related engagements.

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 should be submitted with tabs delineating each of the sections. The minimum font size is 12 on 8.5 x 11 paper and the maximum number of pages for each section is given below, and the total number of pages in the proposal should not exceed 12. 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 12-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 (3 pages maximum) – This section shall include information 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 (3 pages maximum) –This section must describe the objective 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. 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 and the responding vendor must be responsible and accountable for all work performed by subcontractors. Also, the responsibility of the primary (responsible) vendor must be unequivocally described in the project approach.
5. Project personnel staffing and vendor organization for completing this project (3 pages maximum) - This section must include the proposed staffing, responsibilities and organizational structure for accomplishing this project. Names and qualifications of proposed staff must be provided. At least one (1) member of the proposed staff must have a CSQA certification.
6. Costs – Vendor shall provide a total fixed cost to complete the project and provide deliverables. Total fixed cost shall include all expenses.

Evaluation Criteria:

The evaluation and Vendor selection process will be based on “best value”. The particular procurement methods used are selected so as to result in the best buy for the state in terms of the function to be performed. Competitive Best Value Procurement allows for the use of alternate competitive purchasing techniques in addition to low price analysis in the selection of supply sources determined to represent best value.

In this particular procurement, a trade off method of source selection will be utilized. Proposals will be evaluated based on the criteria listed below. Each of the criteria will be weighted as specified. Evaluation methodology shall be in accordance with Title 9 of the NCAC Subchapter 06B, Section .0302. The state may, at its sole option, 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. However, vendor’s responses may be evaluated without further information or submissions, and therefore, the vendors should submit their best and most competitive bid without regard to any potential for clarification or negotiations.

- **Proposal: (60%)**
 1. Scope and depth of vendor experience, capabilities and skills with business, technical and policy as they relate to the deliverables requested in the Scope Statement.
 2. Detailed references regarding similar engagements.
 3. Project Approach - Description of work, including objectives, approach, deliverables, organizational structure, staffing qualifications, schedule/timetable, etc.
- **Administrative (10%)**
 1. Quality and understandability of proposal. Did the vendor provide the information requested, was it in the format requested, how well was it presented.
 2. Ability to meet our Timetable for Deliverables.
- **Cost: (30%)**

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 CIO 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 approval of the Statewide IT Procurement Office. This contract was approved for award by the Statewide IT Procurement Office on _____, 2004, as indicated by attached certification letter.

ACCEPTANCE OF SCOPE STATEMENT RESPONSE

If any or all parts of this scope are accepted, an authorized representative of DST 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).

<p><u>FOR DST USE ONLY</u></p> <p>Offer accepted this ____ day of _____, 2004, as indicated on attached certification or purchase order</p> <p>by _____ (Authorized representative of DST)</p>

Appendix A - IRSP Project Organization Chart
IRSP Team for Phase VI – Active Member Implementation

