



STATE OF WASHINGTON

OFFICE OF FINANCIAL MANAGEMENT

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February 8, 2023

**TO:** Honorable Christine Rolfes, Chair  
Honorable Lynda Wilson, Ranking Member  
Senate Ways & Means Committee

Honorable Timm Ormsby, Chair  
Honorable Drew Stokesbary, Ranking Member  
House Appropriations Committee

Honorable Marko Liias, Chair  
Honorable Curtis King, Ranking Member  
Senate Transportation Committee

Honorable Jake Fey, Chair  
Honorable Andrew Barkis, Ranking Member  
House Transportation Committee

**FROM:** David Schumacher  
Director

**SUBJECT: ONE WASHINGTON'S QUARTERLY REPORT TO LEGISLATIVE FISCAL COMMITTEES (OCTOBER – DECEMBER 2022)**

I am pleased to submit the quarterly report for the One Washington program which focuses on its scope, schedule and budget. We are implementing Phase 1A (core financials) of the Workday cloud enterprise resource planning (ERP) system, otherwise known as the agency financial reporting system (AFRS) replacement. You can find previous reports at [one.wa.gov](http://one.wa.gov).

This report includes two key updates relevant to the program's scope, schedule and budget. It does not capture all of the work that occurred.

*Update 1 – Legacy System Remediation rationalization framework*

Agency legacy system remediation (LSR) is significant for the One Washington program and the 41 agencies participating in LSR for Phase 1A. LSR refers to the system modifications we need in order to make agency computer systems or applications compatible with Workday.

In early 2022, the LSR team developed the following three-pass framework for this work. This enables the team to apply a consistent process to review the One Washington legacy systems inventory and determine which applications they should retire, maintain, modernize or replace.

1. **Legacy System Disposition - Retire** includes the following components:

- **Decommission:** Eliminate agency system altogether; adopt Workday.
- **Replace:** Eliminate agency system and replace with a new alternative system for the line of business functionality and use One Washington integration services.
- **Absorb:** A portion of the agency system can be absorbed (partially retired) by Workday and use One Washington integration services (decouple the finance functionality).

2. **Legacy System Disposition - Maintain** includes the following components:
  - **Sustain:** Continue with agency system as-is or make minor modifications and use One Washington integration services.
  - **Retrain:** Train users on available core functionalities and features of the agency system (agency system functionality not fully utilized).
3. **Legacy System Disposition - Modernize** includes the following components:
  - **Remediate:** Re-architect agency system to a better structure to improve flexibility, to use Workday accounting, and to use One Washington integration services.
  - **Enhance/Re-Platform:** Update agency system to a newer version/release or more modern hardware, to use Workday accounting and One Washington integration services.

The framework also helped the team develop the remediation plan for each impacted system with the following goals:

1. Provide adequate time, direction and support to agencies so they may:
  - a. Make necessary business process and workflow changes in the agency's impacted system/application.
  - b. Make necessary system modifications to make an agency's computer system/application compatible with Workday.
2. Reduce agency-specific solutions and identify opportunities for how we can increase Workday functionality.

After completing a pilot last summer, the team completed Pass-1 to verify which agency systems are in scope for Phase 1A. This quarter, they started Pass-2 work with agencies. During this phase, they developed a catalog of system processes and identified roadblocks and/or information that the agencies need to complete their work. The results will help us:

- Assist agencies to remediate successfully.
- Define agency questions and concerns within individual system processes.
- Inform to-be process discussions (scheduled for late February).
- Inform targeted Workday demonstrations (scheduled to begin in April).

#### *Update 2 – Baseline design validation*

In July, we announced that the functional team completed the program baseline design for Workday. This means the first iteration of design can now inform other teams as they complete their work and engage with agencies for feedback. This quarter, the functional team, in partnership with the organizational change management team, began the agency engagement component of that work.

Throughout October and into November, the program hosted 42 initial one-on-one meetings with agencies. These meetings gave an overview of the foundation data model design with an emphasis on grants and projects. The team answered questions, addressed issues and identified potential gaps. Several agencies requested and received a follow-up meeting for further information and discussion.

This is the first of several information sessions the program will use to engage agencies. Next quarter, all agencies can attend focus group sessions that will introduce attendees to the business processes we use in the Workday modules. The sessions include a mix of live demonstrations and PowerPoint screenshots to show Workday's functionality and business processes. In addition, the sessions will be recorded and made available in the Washington State Learning Center for agency staff. This is the first

time agencies will see the Workday product configured for the state's business. The program will seek feedback during and after these sessions to help refine these processes.

### **Project schedule**

In January 2022, the program announced the subproject Phase 1A would not meet the October 2022 go-live date. Instead, it would take six to nine months to re-evaluate and re-plan. We are near the end of that effort. As we work with our vendors and solicit feedback from various stakeholders (including agencies), we will finalize<sup>1</sup> a resource-loaded Phase 1A schedule.

### *Quality assurance schedule assessment*

In November 2022, we asked Bluecrane to perform a quality assurance review on the revised Phase 1A schedule and provide feedback and recommendations before we adopt a schedule baseline.<sup>2</sup>

The full assessment can be found at [WA OFM OneWA QA Assessment of Phase 1A schedule 2022\\_11.pdf](#). It is also posted on the [OCIO project dashboard](#) under 'Documents', document type: Quality Assurance Report.

The assessment included three primary areas:

1. Comprehensiveness of the work included in the Phase 1A schedule.
2. Mechanics and internal consistency of the Phase 1A schedule.
3. Approaches to managing the program's set of schedules, including the Phase 1A schedule, integrated program schedule, and agency LSR schedules.

In the assessment, Bluecrane offered 19 recommendations.

In total, the program received 162 items of feedback on the Phase 1A schedule, integrated program schedule and schedule management plan from Bluecrane, OCIO and internal reviewers. Of these, 140 items were related to the Phase 1A schedule. As of today's date, we have incorporated 77% of these feedback items and 88% of the high-priority Phase 1A feedback items into the schedule. We will address the remaining high-priority recommendations in January.

Although final refinements are being made at the time of this report, **the estimated go-live date of July 2025 remains consistent**. We have begun circulating this date with agencies to help inform their work.

### *Updated schedule management plan*

In addition to an updated Phase 1A project schedule, the project management office, in partnership with OCIO and Bluecrane quality assurance (QA), has spent considerable time this quarter updating our schedule management plan. The plan defines:

1. The processes, procedures, tools and strategies the One Washington program will use to develop, manage, control and maintain the One Washington integrated program schedule and the various project schedules (like Phase 1A).
2. The team structure, roles and responsibilities related to schedule management.

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<sup>1</sup> No project schedule is ever final during its lifespan. We use the word 'final' to refer to a schedule product that is comprehensive enough and adequately sound in its construction to be viable as an initial baseline for Phase 1A and to inform a go-live date.

<sup>2</sup> The technical ability to take a 'snapshot' of the project schedule in Microsoft Project to track progress and conduct schedule management.

3. The schedule standards, performance measures and thresholds that the program will use:
  - a. to ensure the schedule meets best practices.
  - b. to monitor, manage and report on schedule status and progress.
  - c. to control changes to the schedule.

A schedule is the network of tasks that must be completed to deliver a complex outcome. This model – if soundly built and continuously updated to reflect history, new information, and learning – will be a valuable tool for managing the work and delivering the desired result.

One Washington created a portfolio of schedules to:

- ensure the program’s work is described and no “invisible” work occurs.
- identify the resources we need to complete the work and enable the program to monitor and manage this capacity.
- be used daily by team members to guide us on when and how the work needs to be accomplished.
- understand the relationship between tasks and workstreams, and how they are interrelated to the project.
- model downstream and cascading effects when tasks fall behind, or when we learn of new needs, new information or other surprises.
- strategize on how to overcome real and potential barriers to project success.

The schedules will serve as the foundation for managing our work and driving our results.

## Project budget

### *Quality assurance budget spotlight*

At the OCIO’s recommendation, the program engaged Bluecrane QA in a budget spotlight assessment on budget management. At the Executive Steering Committee meeting on October 12, 2022, Bluecrane shared the Spotlight Report findings.

You can find the full assessment on the [OCIO project dashboard](#) under ‘Documents’, document type: Quality Assurance Report, Document name: *WA OFM OneWA QA Budget Spotlight Report 2022\_09\_15.pdf*.

Bluecrane reviewed 24 documents and fiscal reports and conducted 19 interviews with OFM, OCIO and legislative staff. The themes for budgetary improvement included:

- Leadership
- Strategic assets
- Accountability and transparency
- Processes and practices

Key reforms included:

- All future fiscal information must align with a fully resourced, realistic and comprehensive schedule.
- Fiscal information must be comprehensive and all inclusive.
- All fiscal information must be credible, explainable, reasonable and have full back-up on how it was developed.
- All future One Washington decision packages must align with the comprehensive schedule.

Bluecrane offered 18 recommendations to improve the program's approach to budget management. These were categorized into three groupings: to be implemented within the next six months, to be implemented in more than six months, and those that require policy or statutory action.

**Bluecrane recommended the following items to be completed within six months (October 2022 – March 2023).** Six out of the seven are complete and we have started working on the remaining recommendation.

1. Create a series of monthly budget reports that provide current fiscal information, forecasts and trend analysis that encompasses the project's financial health:
  - a. *Status: complete with ongoing improvements and adjustments as appropriate.*
2. At a minimum, establish a monthly budget review meeting cadence between the One Washington budget manager and executive sponsor to review monthly budget reports, forecasts, and trend analysis:
  - a. *Status: complete with ongoing recurring meetings and engagement.*
  - b. *Additional changes we made:*
    - i. *Budget manager check-ins with executive sponsor and OFM chief financial officer.*
    - ii. *Monthly updates to One Washington leadership team.*
3. Include and seek the advice and recommendations of the One Washington budget manager for all decisions and expenditures under consideration:
  - a. *Status: complete with ongoing engagement and involvement.*
4. Share and review the monthly budget reports with the Executive Steering Committee as a separate, discrete standing agenda item:
  - a. *Status: complete as of the November 2022 Executive Steering Committee meeting.*
5. Establish a routine closed session at the end of each monthly Executive Steering Committee meeting where sensitive and/or confidential budgetary and/or contractual discussions can be held:
  - a. *Status: complete as of the November 2022 Executive Steering Committee meeting.*
6. Share and review the monthly budget reports with legislative staff:
  - a. *Status: complete including a monthly meeting with OFM budget and legislative staff.*
7. Create and maintain a comprehensive staffing plan with (1) a realistic hiring schedule, (2) correct salaries and benefits and (3) recognition of salary savings.
  - a. *Status: in progress. Work has started collaborating with OFM Fiscal and HR to collect and receive regular updates on position, salary, and employee information.*

In September 2022, OFM welcomed a new budget manager dedicated to One Washington who is partnering with OFM's chief financial officer and the executive sponsor to engage in these and other improvements to the budget management process.

Bluecrane elevated the budget status from 'red' to 'yellow' in response to the progress made in this area.

### *Budget attachments*

The attachments outline how we used funding to deliver value for the quarter. These include overview data and a full expenditure report:

- Fiscal reports: *One Washington Overview: Expenditure Report – October-December 2022*
  - Last quarter's budget and next quarter's projected spend
  - Contract spending
  - List of quantifiable deliverables and the related expenditures
  - Technology pool budget vs. spend cumulative biennium to date
- Financial performance metrics on 10 state agencies that includes monthly performance data: *One Washington Performance Metrics Quarterly Report - October - December 2022.*

For more information, please contact:

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### Attachments (2)

cc: Susan Howson, Staff Coordinator, Senate Ways & Means Committee  
Dave Johnson, Staff Coordinator, House Appropriations Committee  
Kelly Simpson, Staff Coordinator, Senate Transportation Committee  
Mark Matteson, Staff Coordinator, House Transportation Committee  
Michael Mann, Administrator, Legislative Evaluation and Accountability Program Committee  
Bill Kehoe, Chief Information Officer, Consolidated Technology Services  
Tara Smith, Director, Department of Enterprise Services  
Roger Millar, Secretary, WSDOT  
Amy Scarton, Deputy Secretary, WSDOT  
Doug Vaughn, Chief Financial Officer, WSDOT  
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