

DEPARTMENT OF TRUST LANDS INFORMATION TECHNOLOGY SYSTEMS REPLACEMENT PROGRAM ITERATIVE STARTUP AND CLOSEOUT REPORT

Submitted to Large Project Oversight on 05/06/2024

GENERAL INFORMATION

Program Name: Information Technology Systems Replacement Program (ITSR)

Project Names: Unclaimed Property Replacement, Financial Management Accounting and Land Management System

Agency Name: North Dakota Department of Trust Lands (DTL)

Program Sponsor: Joe Heringer

Project Sponsors: Susan Dollinger, Peggy Gudvangen and Catelin Newell

Program/Project Manager: Aaron Kielhack

PROGRAM DESCRIPTION

In 1889, the brand-new State of North Dakota, through an act of Congress called The Enabling Act, received a gift of over 3 million acres of land from the Federal Government for funding public education in the State to perpetuity. Typically, that transfer included Sections 16 and 36 in every North Dakota township. To manage the assets, Article IX of the North Dakota Constitution created the Board of University and School Lands, more commonly referred to as the Land Board. The Land Board is comprised of the Governor, Secretary of State, Attorney General, State Treasurer, and Superintendent of Public Instruction.

In 2016 the State of North Dakota Office of the State Auditor conducted an audit of North Dakota Department of Trust Lands (DTL) that identified the need for new IT systems and supporting processes. DTL decided to conduct a Business Process Modeling project with Major Oak Consulting, (now part of Verint), in the second half of 2016, which reconfirmed the findings of the State Auditor. As a result, the Information Technology Systems Replacement (ITSR) program was created. Three distinct projects will comprise the ITSR program: Unclaimed Property Replacement (UPR) project; the Financial Management & Accounting (FMA) project; and the Land Management System (LMS) project.

DTL conducted a procurement process for UPR in accordance with State laws and signed a contract with Kelmar Associates, LLC on July 12, 2018. The UPR project will include planning, analysis, along with the configuration of the KAPS system, a Software as a Service (SaaS) product as well as any environments, data conversions-migrations, interfaces, testing, training, and full production deployment. As of July 25, 2018, the Planning and Analysis phase of the UPR project began. In January 2018, the Execution phase consisting of design, conversion, configuration, testing, training, and deployment phase began and is expected to be completed by April 29, 2019. The new UPR system went live in production on 04/29/2019 as scheduled.

DTL began a procurement process for FMA in Q3 2018 with the assistance of Verint. The Request for Proposals (RFP) were sent out in October 2018. The procurement included a Proof of Concept (POC) for the new system. In Q1 2020, the procurement for the FMA project was completed and Ernst & Young, LLC (EY) was hired to implement the Microsoft Dynamics 365 Finance module under a North Dakota Information Technology (NDIT) professional services contract. Planning for the FMA project was completed in Q1 2020 and the project is now in Execution. The FMA project will take an iterative approach in implementing the new system. Due to COVID-19 restrictions (remote work for the project team, no travel by EY), the original go-live date of June 1, 2020, was rescheduled to July 1, 2020. FMA went live in production on July 1, 2020, as scheduled. A support and maintenance contract amendment for EY to provide technical support for FMA for the next four years was also approved. The FMA project is now closed.

In Q2 2019, DTL started on a procurement for LMS, with the assistance of Verint. Throughout the remainder of 2019, DTL worked closely with OMB, NDIT and Verint to create a Request for Proposals (RFP) documentation and conducted a procurement in 2020. Ernst & Young, LLC (EY) was hired to implement Microsoft Dynamics 365 Customer Engagement in October 2020 and the project will start with implementing functionality for Surface Management. The LMS Surface project kickoff occurred on October 14, 2020, and the Execution phase is now underway with the expectation of finishing in Q3 2021. DTL received additional funding for the LMS Minerals project during the 2021 North Dakota Legislative session. Work

DEPARTMENT OF TRUST LANDS INFORMATION TECHNOLOGY SYSTEMS REPLACEMENT PROGRAM ITERATIVE STARTUP AND CLOSEOUT REPORT

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on the LMS Surface project continued through Q3 2021 and went live in production at the beginning of Q1 2022 after several change requests added more scope to the project. The LMS Surface project is now in the Closeout phase, which will be completed in Q2 2022. Planning and Discovery (Analysis) for the LMS Minerals project began and was completed within Q3 2021. Configuration and Development for the LMS Minerals project began in Q2 2022. The LMS Minerals project was completed in Q2 2023.

DTL received additional funding \$4,900,000 during the 2023 Legislative Session (HB1013) for enhancements to FMA and LMS including the following, Portal enhancements, Online Payment Processing, Multiple Leases per Application and Invoice Streamlining that will be part of the new Land Management System Enhancements (LMSE) project during the 2023-2025 Biennium.

BUSINESS NEEDS AND PROBLEMS

DTL's information technology (IT) systems developed in the late 1980s and early 1990s for unclaimed property, financial management and the integrated land management have reached their limits in terms of both development and support. DTL plans to procure systems that will meet the unclaimed property, integrated land management and accounting needs of the department.

PROGRAM FORMAT

Program Start Date: 04/26/2017

Budget Allocation at Time of Initial Start Date: \$3,600,000 (Special Funds)

How Many Projects Expected at Time of Initial Start Date: Three projects – UPR, FMA and LMS

Estimated End Date for All Projects Known at Time of Initial Start Date: 06/30/2023

PROGRAM ROAD MAP

The program road map shows the high-level plan or vision for the program's projects. It is intended to offer a picture of the lifespan of all the effort that is expected to be required to achieve the business objectives.

Project	Title	Scope Statement	Estimated Duration (months)	Estimated Budget
UPR	Unclaimed Property Replacement System	Replacement of the existing unclaimed property system with the KAPS system from Kelmar Associates	9 Months	\$320,229
FMA-Support	Procurement Support	Verint support for the FMA procurement	6 Months	\$103,515
FMA-Support	Financial Management & Accounting	Verint support for the FMA Proof of Concept (POC) for the FMA procurement	3 Months	\$11,825

DEPARTMENT OF TRUST LANDS INFORMATION TECHNOLOGY SYSTEMS REPLACEMENT PROGRAM ITERATIVE STARTUP AND CLOSEOUT REPORT

Submitted to Large Project Oversight on 05/06/2024

FMA	Financial Management & Accounting System	Replacement of the existing financial management and accounting system with Microsoft Dynamics 365 Finance & Operations module	8 Months	\$500,000+
LMS-Support	Land Management System	Verint support for the LMS procurement	6 Months	\$70,755
LMS-Support 2	Land Management System	Croswell-Schulte Consulting support for the evaluation-scoring portion of the LMS procurement	3 Months	\$38,025
LMS	Land Management System	Replacement of the existing asset, trust, and land management system	18 months	\$2,000,000+
LMSE	Land Management System Enhancements	Enhancements to both FMA and LMS including Portal enhancements, Online Payment Processing, Multiple Leases per Application and Invoice Streamlining	14 months	\$4,900,000

Notes:

PROJECTS BASELINES

The baselines below are entered for only those projects that have been planned. At the completion of a project or phase a new planning effort will occur to baseline the next project/phase and any known actual finish dates and costs for completed projects/phases will be recorded. The startup report will be submitted again with the new information.

Project	Project Start Date	Baseline Execution Start Date	Baseline End Date	Baseline Budget	Actual Finish Date	Schedule Variance	Actual Cost	Cost Variance
UPR	05/31/2017	01/03/2019	05/03/2019	\$273,700	05/03/2019	0%	\$205,987	24.7% Under
FMA	08/16/2018	01/08/2020	11/04/2020	\$1,849,455	08/24/2020	31% Ahead	\$1,665,568	9.9% Under
LMS-Surface	05/22/2019	10/14/2020	02/3/2022	\$1,815,231	02/03/2022	0%	\$1,815,231	0%
LMS - Minerals	09/20/2021	02/07/2022	06/22/2023	\$2,293,067	06/08/2023	2.2% Ahead	\$2,125,466	7.3% Under
LMSE	11/14/2023	04/11/2024	06/30/2025	\$4,900,000				

Notes: Project start dates are the beginning of the planning/procurement phases based on the signing of the project charter documents.

DEPARTMENT OF TRUST LANDS INFORMATION TECHNOLOGY SYSTEMS REPLACEMENT PROGRAM ITERATIVE STARTUP AND CLOSEOUT REPORT

Submitted to Large Project Oversight on 05/06/2024

OBJECTIVES FOR THE PROJECTS

Project	Business Objective	Measurement Description	Met/ Not Met	Measurement Outcome
UPR	Replace existing front end and back-office systems for unclaimed property including data/images	<ul style="list-style-type: none"> • Full online system • Data conversion of legacy data and images • New reports • Minimal staff interaction with online users 	Met	<ul style="list-style-type: none"> • All deliverables were met and delivered as scheduled. • Claims and holders being processed through KAPS system. • Transitioned from project to support team
FMA	Replace existing systems for financial management and accounting for the LM and UPR systems	<ul style="list-style-type: none"> • Retirement of existing Access DB and spreadsheets • All FMA occurs in new system. • Ability to interact with LM and UPR as required 	Met	<ul style="list-style-type: none"> • All deliverables were met and delivered as scheduled. • Retired legacy system • Final integration with LMS will happen as part of the LMS project.
LMS-Surface	Replace existing system for Surface Management activities	<ul style="list-style-type: none"> • Retirement of existing Access DB, Legacy SQL Server DB and Surf applications • Integration with FMA • Set up system foundation for Minerals 	Met	<ul style="list-style-type: none"> • All Surface deliverables were met and delivered as scheduled. • 100% of Surface activities, by both public and state users occur in new LMS. • 100% of foundation for Minerals completed – related to LMS Minerals project.
LMS - Minerals	Replace existing system for Minerals Management activities	<ul style="list-style-type: none"> • Retirement of existing Access DB, Legacy SQL Server DB and Minerals front end applications • Integration with FMA 	Met	<ul style="list-style-type: none"> • All Minerals deliverables were met and delivered as scheduled. • 100% of Minerals activities by both public and state users occur in new LMS. • 100% of foundation for Minerals completed – related to LMS Minerals project.

DEPARTMENT OF TRUST LANDS INFORMATION TECHNOLOGY SYSTEMS REPLACEMENT PROGRAM ITERATIVE STARTUP AND CLOSEOUT REPORT

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LMSE	<p>Payment Optimization with online payments including credit cards.</p> <p>Online portal updates to enhance the customer experience by making the web pages and site navigation more intuitive for filing applications.</p> <p>Enhance the integration between FMA and LMS to allow multiple leases per application.</p> <p>Reduce the number of DTL divisions that are required for invoice processing in both FMA and LMS.</p>	<ul style="list-style-type: none"> • Payment process reduced to an hour or less. • Updates to make the online portal web pages and navigation more intuitive should reduce the need for Staff interaction. • The enhanced integration between FMA and LMS allows for the processing of all applications with multiple leases immediately after the go live. • Elimination of at least one of the five party/divisions' involvement in processing invoices in FMA and LMS immediately after the go live. • 1,000+ (estimated) person hours saved through the automation of processing and updating invoices one year after the go live of the project. 	TBD	TBD
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POST-IMPLEMENTATION REPORTS

Post-Implementation Reports are to be performed after each project is completed. A "PIR" is a process that utilizes surveys and meetings to determine what happened in the project/phase and identifies actions for improvement going forward. Typical PIR findings include, "What did we do well?" "What did we learn?" "What should we do differently next time?"

Project	Lesson learned, success story, idea for next time, etc.
UPR	<p>Success Stories:</p> <ol style="list-style-type: none"> 1. Kelmar very prompt on fixing things when issues arose during the project 2. Excellent work ethic 3. Appreciated all the SMEs - questions went to the right people - level of communication was good 4. Team small size at DTL was challenging to deal with while the project was ongoing 5. A lot of manual work replaced by KAPS 6. Easy to work with when compared to other states - very flexible 7. PM had to step in (replaced the previous PM) - was his first go live and same thing with Andrew 8. Training - state people were well prepared and ready 9. Andrew will be busy in the near future- more training and reporting (financials) 10. Reporting approach - working with Tim - Peggy liked the list of reports - very useful 11. (2nd state to use that reporting approach) 12. Documentation is good - like the step-by-step process (continuous improvements)

DEPARTMENT OF TRUST LANDS INFORMATION TECHNOLOGY SYSTEMS REPLACEMENT PROGRAM ITERATIVE STARTUP AND CLOSEOUT REPORT

Submitted to Large Project Oversight on 05/06/2024

	<ol style="list-style-type: none"> 13. Support team will help with the reporting - spend a lot of time there 14. State Website - (3rd party) - Faced paced - lots of communications - very fast - we held them up if anything 15. Go Live was painless - no problems 16. Catelin usually handles all the support issues for imaging and Andrew 17. There is a ticketing system - easy for DTL to use <p>Lessons learned:</p> <ol style="list-style-type: none"> 18. Biggest stumbling block was the issue with JetPay and the \$10K block (there is workaround) 19. OnBase - still have some wrinkles to work out with the images - still waiting for some that should be there already - Andrew is aware 20. Training -- maybe more for the front office/desk people – identify all stakeholders earlier
FMA	<p>Success Stories:</p> <ol style="list-style-type: none"> 1. Legacy accounting system replaced by modern, upgradable low-code system based on Finance & Operations Dynamics 365 module. 2. Resolved business problem of having to rely on an accounting system that could have crashed at any time. 3. One on one training and testing sessions worked well for the project team. 4. Project team worked around the month end financial activities with minimal impact to the project schedule 5. The project team was able to adjust to the travel ban for EY and the work from home order for DTL and NDIT caused by the COVID-19 crisis and tested, trained and deployed the new FMA system remotely as opposed to being onsite, which is the standard procedure. <p>Lessons Learned:</p> <ol style="list-style-type: none"> 1. User manuals were challenging to create and use 2. User Acceptance Testing data was unfamiliar and confusing to use 3. Workshop sessions were not always well prepared 4. Scheduling was a challenge with a small group (Finance 5. Timing was a challenge – small department – month end issues 6. Project team didn't always understand the challenges and constraints faced by government agencies 7. Hypercare phase will be extended until December 31, 2020, to ensure support from EY project team members as monthly, quarterly, and yearly processes take place for the first time in FMA
LMS	<p>Success Stories:</p> <ol style="list-style-type: none"> 1. Auto formatting for all surface lease advertisements, previously a manual task 2. FileNet uploads for leases now available through LMS 3. Processing cost shares on water developments are a lot easier now in the new system 4. Ease of navigation in the system – multiple connections, send out links – a lot more information available at your fingertips 5. Layout and general look of the records is user friendly 6. Users have more power in LMS as opposed to the old system – no longer need IT (both DTL and NDIT) - bulk or mass uploads can be done by users. 7. Audit history now exists – huge win – didn't have that information in the old system – can see changed data. 8. The approvals are now available.

DEPARTMENT OF TRUST LANDS INFORMATION TECHNOLOGY SYSTEMS REPLACEMENT PROGRAM ITERATIVE STARTUP AND CLOSEOUT REPORT

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9. Business process flow – dashboards – can see everything all at once instead of having to run a query in the old system.
10. Data cleanup is easier now, used to take weeks.
11. Soils data on a track level is another big efficiency – used to take months to revise a county's soil numbers – takes less than a week.
12. Timeline – everyone can see what's going on
13. Attaching emails is easy – easy is good, everyone does it then
14. Taxes are simpler to do now as well in the new system
15. Global search is much appreciated in the new system – everything is linked together in the new system.
16. Configuration settings another big win – easily change some of the calculations on their own (no IT).
17. Ability to update look-up tables without IT support.
18. Anna Ploszynski from EY was top notch throughout the project – she always had the best interests of both the project and agency in mind. She took the time to understand the business needs way more than anyone else – if we continue to do work with the same vendor, then we want her assigned to the projects.
19. Azure DevOps was used to communicate updates and changes, approvals for the user stories – good to use a central location for functionality, errors, and other items
20. Go Live had minimal issues and errors as compared to the Surface go live for LMS
21. Surface, Minerals and Revenue Compliance are now all working the same system- first time ever! Everyone can see and use the same data now
22. Royalty reports are being uploaded into the new portal now by operators
23. Minerals division was able to take ownership of the user stories throughout the project, especially during user acceptance testing
24. Acceptance testing was more effective for Minerals as it focused on the processes and not just blocks of user stories
25. The long sessions for reviews and testing, while long and staff numbers were limited, those sessions did help the team focus on specific areas of the system – lots of collaboration between Minerals and Anna.

Lessons Learned:

26. Include as many people as possible during demos of new systems and products.
27. Agencies need to broaden the knowledge base at least from a business perspective of their existing systems.
28. Review definitions of specific wording throughout the project.
29. Provide firmer guidelines as to which parts of the system are ready for testing or how far a process can go when the system isn't fully configured – iteration approach.
30. More onsite reviews if possible
31. Make sure that hardware can handle the new systems – may require getting updated hardware.
32. Make sure that hardware can handle the new systems – may require getting updated hardware.
33. Lengthen the testing phase, especially for users who are not experienced testers.
34. Regression testing- more of it needed
35. Full reviews/walk throughs of how things work
36. More in-depth analysis of how things work at the agency needed during Discovery phase.
37. Agency staff still must do their day jobs even while working on a project – recommend increasing durations in schedules – explain time limitations in RFP.

DEPARTMENT OF TRUST LANDS INFORMATION TECHNOLOGY SYSTEMS REPLACEMENT PROGRAM ITERATIVE STARTUP AND CLOSEOUT REPORT

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	<ul style="list-style-type: none">38. Need to gain a more thorough knowledge of a legacy system prior to working on the actual implementation – longer discovery and analysis time39. Bridge the gap between business knowledge and functionality is still an issue – discovery should include more “ride-a longs” between business and IT (vendor)40. More effective change management needed, especially with training41. Include the interfaces in discovery and design as soon as possible – early and often42. Avoid having applications/systems in existence for too long before replacing them – more frequent upgrades and/or reviews of data
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COST BENEFIT ANALYSIS

- Improved and more efficient business processes:
 - Front-end scanning business processes and validation
 - Performance measurement tools
 - Reporting capabilities (UPR)
 - Online services for holders and claimants (UPR)
 - Improved data and images quality (UPR)
 - Utilization of progress dashboard enabling supervisors to track workflow progress (UPR)
 - Finance and accounting system build on modern low-no code cloud-based platform (FMA)
 - Ability to access finance and accounting system remotely (FMA)
 - FMA will be able integrate with the new LMS.
- Technology benefits
 - Retirement of unsupported unclaimed property system (UPR)
 - Vendor hosted system with minimal overhead and less staff (part-time and full-time) needed by DTL (UPR)
 - Vendor will support the new finance and accounting system along with Microsoft and the State (FMA)
 - System will no longer run the risk of being obsolete.

REGULAR SOFTWARE UPDATES OF SYSTEM INCLUDING NEW BUSINESS FUNCTIONALITY AND TECHNOLOGICAL ENHANCEMENTS KEY CONSTRAINTS AND/OR RISKS

- DTL resources for all its divisions are constrained due to daily workloads including field work and Legislative Sessions (all projects)
- Limited availability due to month end accounting activities for FMA project resources (DTL)
- Limited availability of FMA project resources (DTL) due to biennium budget preparations for DTL and other state agencies in 2021
- The LMSE project must be completed by 06/30/2025 when the spending authority for this project will expire.