Audit Report

Peoplesoft Human Capital Management (HCM) System Post Implementation Review

Audit Control Number 2013-030

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Background
In September 2006, The University of Texas Medical Branch (UTMB Health) implemented the PeopleSoft Human Capital Management (HCM) system. PeopleSoft HCM is a human resources management tool used to maintain information and transactions related to recruitment and retention, compensation, payroll, benefits, and employee data.

To continue technical support, maintain compliance, eliminate and/or reduce previous modifications, implement process improvements, and improve internal controls and the customer experience, UTMB Health began planning a system upgrade in January 2010. To provide upgrade leadership and direction, UTMB Health selected CedarCrestone, Incorporated as its implementation partner and began implementation in May 2012. UTMB Health went live on version 9.1 of the PeopleSoft HCM system in March 2013. The guiding principles for this upgrade project were leveraging the PeopleSoft HCM system to the full extent possible, adopting best business process practices where applicable, and scrutinizing customizations for absolute necessity.

Audit Objectives
The primary audit objective is to assess the achievement of established project goals and objectives for the upgrade of the PeopleSoft Human Capital Management (HCM) system.

Scope of Work and Methodology
Our scope of work included an assessment of project success, in particular, the extent to which it met its objectives, delivered planned levels of benefit, and addressed the specific requirements as originally defined. Additionally, the scope included identifying lessons learned from this project to improve future system implementations.

The audit methodology included documentation reviews of business requirements, the master services agreement and statement of work, project plans and governance, and system design. Additional items reviewed included project logs, meeting agendas, minutes and related project communications, change and purchase orders, authorization and signoffs, education and training, policy and practice standards, and applicable guidance provided by governing organizations. We also surveyed over thirty individuals and conducted interviews with a broad group of key stakeholders including business operations and technical support.

The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing as promulgated by the Institute of Internal Auditors.

Audit Results
Regulatory Compliance
A number of regulatory and oversight organizations have requirements identifying items for UTMB Health to consider in planning, selecting, funding, controlling, evaluating, and implementing major information technology (IT) initiatives. The Texas Administrative Code 216 (TAC 216) Project Management Practices requires, at minimum, institutions of higher education approve and publish operating procedures identifying project components and the general use of project management practices. Based on our review, UTMB Health project management practices are in alignment with TAC 216 specifications; however, it should continue to be reviewed and updated at least annually to ensure continuous process improvement.
PeopleSoft Human Capital Management (HCM) System
Post Implementation Review Audit
Audit Control Number 2013-030

The Texas Department of Information Resources publishes the Texas Project Delivery Framework Handbook (Framework) to provide the state with a consistent, statewide methodology for project selection, control, and evaluation based on alignment with business goals and objectives. UTMB Health generally complies with the spirit of the Framework and its supporting documents. Additionally, The University of Texas System (UT System) developed Policy UTS 140 Enhancing Major Software Projects, which cites the inclusion of various planning and implementation core elements. While the UTMB Health Project Management Practice Standard and IT Governance Process collectively include these core elements, revisions to UTS 140 encourage sharing best practices and major software systems decisions with UT System through its Information Systems Improvement Program (ISIP). To provide UT System with a better understanding of institutional direction and investment in information systems, the IT Governance process should continue to monitor and incorporate applicable ISIP guidance as the ISIP program matures.

Strategic Alignment
All IT projects are essentially business projects and should have a business rationale from inception; therefore, contribution to the achievement of the strategic business plan influences project success. Although the PeopleSoft HCM upgrade was proposed and initiated prior to the current UTMB Health IT Governance process, documentation substantiated the institution’s need for system upgrades to ensure institutional infrastructure and critical software are current and on vendor supported platforms. The UTMB Health IT Governance process design now advances an IT proposal from initial conceptualization through needs assessment and concept review, alignment with institutional strategic plans, available funding sources, and ultimately executive approval. Available PeopleSoft HCM documentation substantiated a structured formal approach to system implementation, indicated proper project reviews and approvals, and corresponding priority within the Information Services (IS) Capital Plan. As demonstrated through project documentation, the PeopleSoft HCM system upgrade sufficiently aligned IT investments with institutional needs, priorities, and resources, as determined by leadership.

Project Quality
Continuous project assessment increases the likelihood that a project will implement a quality solution meeting the schedule, cost, and scope commitments provided to leadership.
Completion of the core technical upgrade occurred on time and within budget. As the project team progressed in the implementation, they determined to deliver the best Manager Self Service (MSS) functionality additional work would be required. Based on this assessment, the team recommended a phased implementation allowing for the completion of the core upgrade in March 2013, as planned. Implementation of the additional MSS functionality will occur in October 2013, and should provide for an improved process workflow and user experience. Although final project actual cost has not yet been determined, project financials from June 2013 indicate an on budget implementation with approximately 16% of the project budget remaining. Additionally, the project achieved a 27% reduction in customizations based upon the preliminary fit gap estimations, while also providing new Human Resources and Payroll Services features and enhancements.
PeopleSoft Human Capital Management (HCM) System
Post Implementation Review Audit
Audit Control Number 2013-030

Service Performance
Information Technology projects initiated by the institution must ultimately have a positive impact on business outcomes. Business goals and objectives initially outlined in the project proposal and as stated within project communications and the statement of work are as follows:

- Provide the institution with a necessary vendor supported platform
- Reduce customizations improving ability to perform system maintenance or upgrades
- Provide current system features and functionality as applicable
- Improve work processes, controls, and workflow efficiencies
- Improve customer experience

Key stakeholders representing both technical and operational involvement in the project provided their perspective. Based on cross-functional institutional feedback, the project met stated functional goals and objectives with key stakeholders indicating satisfied with upgraded PeopleSoft HCM system.

Lessons Learned
To continually improve processes and increase IT investment success rates, any post implementation review should include a summary of major lessons learned. A careful review of these successes and improvement opportunities allows the institution to benefit from any innovations, enhancements, corrections, or hindrances that occurred during the project. In addition, the review can provide valuable information for decreasing costs and risks in future projects. Lessons learned specifically identified during this project review include:

Areas of Success or Project Strengths:
- The project plan was well designed and communicated. Consultants were exceptional.
- The project management team and functional leads did a great job of staying focused on the upgrade and project schedule.
- End-users had the opportunity to participate before the upgrade went live, felt the feedback as provided helped to facilitate a smooth transition with minimal business interruption.
- Good organization of the implementation strategy and project committees.

Areas of Opportunity or Improvement:
- Consider institutional needs/deadlines when setting dates and times for system upgrades. Due to other institutional factors, resources were unusually limited. Human Resources, for example, experienced challenges in committing staff to the project due to competing priorities within their area.
- In some functional areas, the level of effort needed for testing and addressing other implementation issues may have been underestimated given other institutional priorities in that area. Use this experience to help better estimate the time needed from functional resources during the implementation process.
- Employee turnover, which occurred at critical points during the upgrade, presented challenges. Attempt to avoid this in the future by considering a retention plan that would encourage employees to stay through the completion of implementation.

August 2013
PeopleSoft Human Capital Management (HCM) System
Post Implementation Review Audit
Audit Control Number 2013-030

- Consultants may have left too early. Allow for a sufficient training period where the consultants can adequately train staff, both technical and functional, and address any outstanding support issues.

The project utilized the current IT Governance process to review, approve, and prioritize the PeopleSoft HCM upgrade project. As this process continues to mature, many of the opportunities identified above in the context of this project will be addressed, including the cost-effective retention of project staff and consulting services.

**Conclusion**
UTMB Health upgraded its version of the PeopleSoft HCM system ensuring ongoing vendor maintenance and support, as well as, providing current system functionality. Additionally, project management practices through which institutional knowledge, skills, tools, and techniques are documented and repeatable generally satisfy applicable project management requirements. Overall, the project achieved stated goals and objectives and key stakeholders are very satisfied with the new version of the PeopleSoft HCM system.

We greatly appreciate the assistance provided by staff within the various business operational areas and Information Services and hope that the information presented in our report is beneficial.

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